

Garfield County School District No. 16

Financial Report

June 30, 2018



**Garfield County School District No. 16
Financial Report
June 30, 2018**

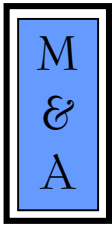
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INDEPENDENT AUDITOR'S REPORT

**To the Board of Education
Garfield County School District No. 16
Parachute, Colorado**

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Garfield County School District No. 16, (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considered internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, 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 evaluation of the appropriateness of accounting policies used and the reasonableness of significant account estimates made by management, as well as evaluating the overall financial statement presentation.

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

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INDEPENDENT AUDITOR'S OPINION
To the Board of Education
Garfield County School District No. 16

Opinions

In our opinion, the financial statements referred to above presently fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Garfield County School District No. 16, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Pension Contributions, the Schedule of Employer's Proportionate Share of the Other Post-Employment Benefits Liabilities, the Schedule of District Other Post-Employment Benefit Contributions, and the related Notes to the Required Supplemental Information in Section E, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules in Section E are not a required part of the District's basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

**INDEPENDENT AUDITOR'S OPINION
To the Board of Education
Garfield County School District No. 16**

Other Matters (continued)

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

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
December 12, 2018**

Garfield County School District No. 16

Management's Discussion and Analysis



Garfield County School District No. 16

Management Discussion and Analysis

As management of Garfield County School District No. 16 (the "District"), we offer readers of the District's annual financial report this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the District's financial statement, which follow this section.

Financial Highlights

The District had the following financial results in 2018:

- The District's General Fund balance at the end of fiscal year 2018 was \$2,939,534. This is an increase from the prior year of \$211,520.
- The District's ending General Fund balance consists of 23% of the current year expenditures and transfers out of \$12,673,144.

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial 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 government-wide financial statements include the statement of net position and the statement of activities.

The *statement of net position* presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the financial health of the District.

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

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

- **Governmental activities:** All of the District's basic services are included here, such as instructional services, support services, food services, and student activities.

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

Fund Financial Statements

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

Government Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on current sources and uses of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.

The District's most significant, or "major" governmental funds include the General Fund, the Grant Fund, the Bond Redemption Fund, and the Building Fund.

The District adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for all funds to demonstrate compliance with state budget statutes.

The basic major governmental fund statements start on page C3.

Fiduciary Funds

The District is the agent, or fiduciary, for assets that belong to others, such as the Student Activity Fund. The District is responsible for ensuring the assets reported in this fund are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the governmental-wide financial statements because it cannot use these assets to finance its operations. The basic fiduciary financial statements can be found on page C7.

Notes to the Financial Statements

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a district's financial position. For the year ended June 30, 2018, the District's total net position was \$4,004,805, which included the District's net pension liability of \$52,425,365 and net OPEB liability of \$1,197,173. The net pension and other post-employment benefits ("OPEB") liabilities are the District's proportionate share of the School Division Trust Fund pension liability and Health Care Trust Fund's collective OPEB liability, respectively, administered by the Public Employees' Retirement Association of Colorado. This was determined by an actual valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension and OPEB liabilities to December 31, 2017.

The assets of the District are classified as current assets and capital assets. Current assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the result of the property tax process, with the majority of these taxes received in March, May, and June.

Capital assets are made up of land, construction in progress, buildings, and equipment/vehicles. Current and long-term liabilities are classified based upon anticipated liquidation, either in the near-term or in the future.

Summary of Net Position

The following table provides a summary of the District's net position as of the fiscal year ended June 30, 2018.

Garfield County School District No. 16's Net Position

	Governmental Activities	
	2018	2017
Assets:		
Current and other assets	\$ 16,507,282	16,734,005
Capital assets, net	76,637,712	79,159,266
Total Assets	93,144,994	95,893,271
 Deferred outflow of resources	 17,078,681	 20,567,568
 Liabilities:		
Other liabilities	1,813,060	1,737,609
Long-term liabilities	102,242,043	100,538,007
Total Liabilities	104,055,103	102,275,616
 Deferred inflow of resources	 2,163,767	 399,737
 Net Position:		
Invested in capital assets, net of related debt	28,889,197	26,981,751
Restricted	10,867,451	11,742,044
Unrestricted	(35,751,843)	(24,938,309)
Total Net Position	\$ 4,004,805	13,785,486

Of the District's total assets, 82% are capital assets (e.g. land, buildings, and equipment). The District uses these assets to provide instruction and related services to its students.

Summary of Activities

Net position for governmental activities decreased by 23%. The following graph summarizes the District's change in net position:

Garfield County School District No. 16's Changes in Net Position

	Governmental Activities	
	(Restated)	
	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$ 144,411	138,848
Operating grants & contributions	1,597,065	1,692,526
Capital grants & contributions	-	2,811,124
General revenues:		
Property taxes	8,224,762	9,112,007
Specific ownership taxes	706,965	581,175
Other taxes	12,419	41,061
State equalization income	7,571,467	7,084,202
Other revenue	749,388	378,536
Investment income	207,625	137,391
Total Revenues	19,214,602	21,976,870
Expenses:		
Direct instruction	14,979,951	13,385,745
Indirect instruction	1,754,827	1,749,209
General administration	3,236,005	3,111,033
Support services	1,758,034	1,549,077
Custodial and maintenance	3,032,974	2,720,540
Transportation	781,706	683,878
Food service	920,805	802,725
Interest on long-term debt	1,401,209	1,521,141
Total Expenses	27,865,511	25,523,348
Change in Net Position	(8,650,909)	(3,546,478)
Net Position - Beginning of Year	12,655,714	17,331,964
Net Position - End of Year	\$ 4,004,805	13,785,486

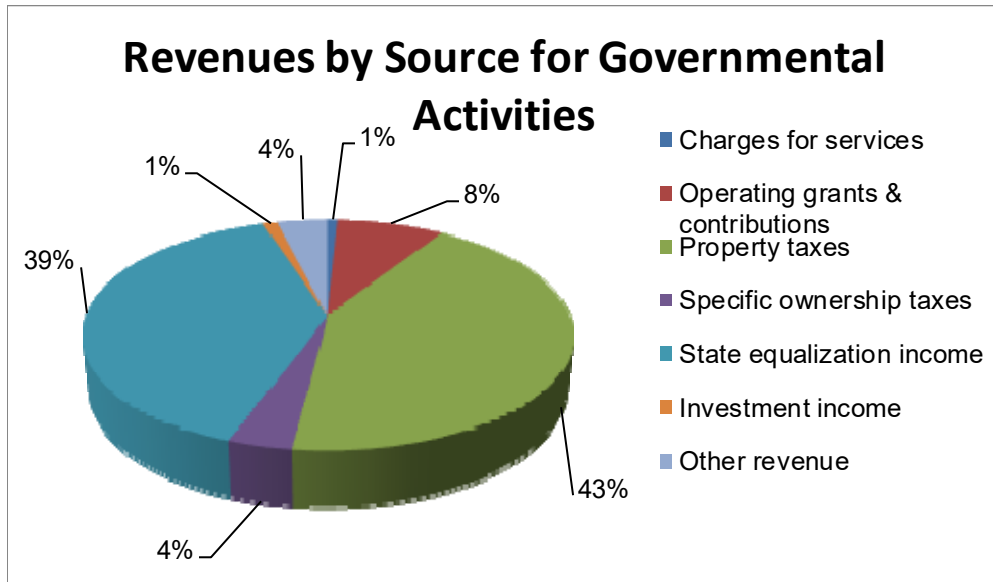
The decrease in beginning net position, as compared to the prior year, is a result of the District implementing Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*. The prior year, as a whole, has not been restated because comparable information is not available.

	Governmental Activities
Net Position, June 30, 2017 as originally stated	\$ 13,785,486
Deferred outflows of resources	38,819
Net OPEB liability	(1,168,591)
Net Position, June 30, 2017 as restated	<u>\$ 12,655,714</u>

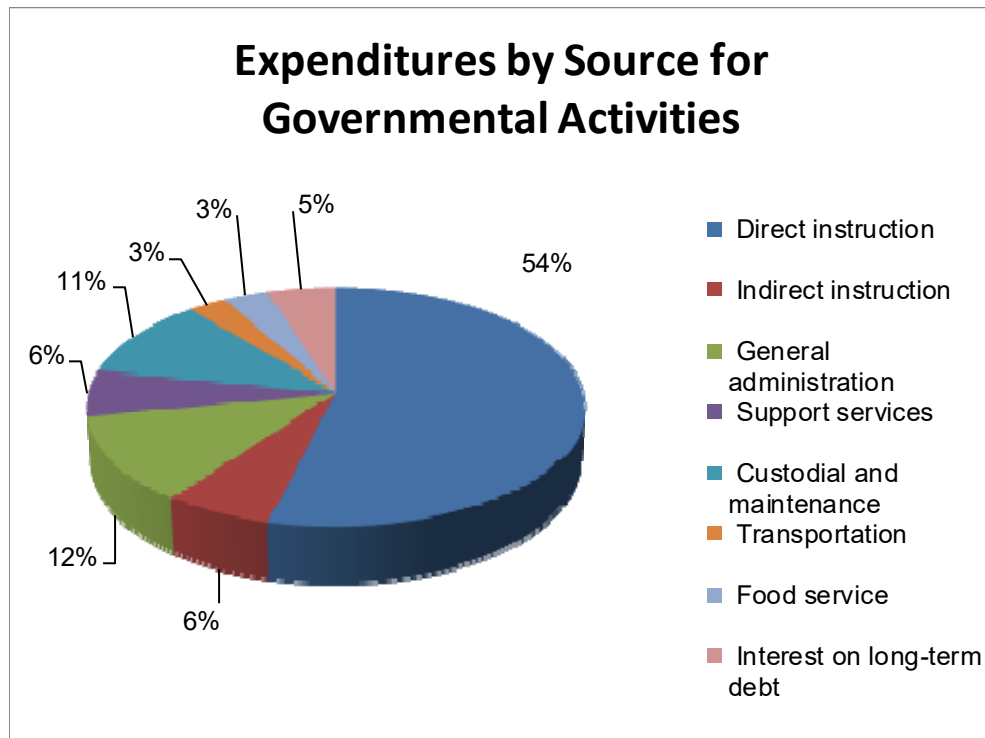
Property taxes, specific ownership tax, and per pupil state formula revenue (School Finance Act-State Equalization) account for most of the District’s revenue. The remainder comes from grants and contributions with the remainder from fees charged for services and miscellaneous sources.

The District’s expenses predominantly relate to instruction and support services, which include support for students and instructional staff, administration, operations and maintenance, and transportation. Given that the District is a service organization providing education services to students, the majority of the expenses are paid in the form of compensation (salaries and benefits) to the District’s employees.

The following chart displays the revenues by source for the total District:



The following chart displays the expenses by source for the total District:



Financial Analysis of the District's Funds: As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned balances may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year. The District did increase its unassigned balance, or fund balance, at the end of this fiscal year; a focus must be made to make an increase each year to that balance to ensure the fiscal health of the District.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$14,798,808. This is a decrease of \$318,101 from the prior year ending fund balances. The decrease mainly relates to property tax abatements in the Bond Redemption Fund and capital outlay relating to equipment.

General Fund Budgetary Highlights: The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund. The original budget is prepared based on a conservative estimate of enrolled students. This guarantees the District does not overstaff or overextend its financial capabilities. The District's student count experiences significant fluctuations due largely to changes in the local oil and gas industry. The District budgeted a large contingency to ensure the District was able to stay "live within the District's means".

Capital Assets: The District's investment in capital assets for governmental activities as of June 30, 2018 amounts to \$76,637,712, (net accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, equipment, and vehicles.

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

Long-Term Debt: As of June 30, 2018, the District had an outstanding debt of \$102,242,043 consisting of the District's net pension and OPEB liabilities, general obligation bonds, QZAB debt, and compensated absences payable. The District's net pension liability increased \$5,213,524 from the previous year.

Additional information as well as a detailed classification of the District's long-term liabilities can be found in the Notes to the Financial Statement section of this report.

Economic Factors and Next Year's Budget: The Public School Finance Act is the largest source of revenue for the District's operating funds. The School Finance Act calculates per-pupil funding by school District based upon a formula that takes into consideration the cost of living, number of students, District size, personnel vs. non-personnel, and number of at-risk students. The purpose of this act was to establish a financial base of support for public education, to move towards a uniform mill levy tax statewide for all Districts, and to limit future growth of and reliance upon property tax to support public education. Funding sources for the School Finance Act is derived by the following formula:

Total Program Funding = local property taxes + general specific ownership taxes + state equalization

Next Year's Budget and Rates: The District's General Fund balance at the end of fiscal year 2018 was \$2,939,534. The District budgeted revenues to cover budgeted expenditures in the General Fund for fiscal year 2019.

Request for Information:

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information in this report or requests for additional financial information should be addressed to the Garfield County School District No. 16, Director of Business Services, PO Box 68, Parachute, CO 81635.

Garfield County School District No. 16

Basic Financial Statements



Garfield County School District No. 16
Statement of Net Position
June 30, 2018

ASSETS	Governmental Activities
Cash and cash equivalents	16,274,120
Accounts receivable, net:	
Taxes	106,544
Other governments	210,472
Other	81,771
Internal balances	(192,437)
Inventory	26,812
Total current assets	<u>16,507,282</u>
Capital assets:	
Land	3,968,293
Buildings and improvements	98,695,701
Vehicles and equipment	3,183,892
Less: Accumulated depreciation	<u>(29,210,174)</u>
Net capital assets	<u>76,637,712</u>
Total assets	<u>93,144,994</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred charge on refunding	773,771
Related to pension	16,239,448
Related to other post-employment benefits	65,462
Total deferred outflows of resources	<u>17,078,681</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	1,344
Accrued salaries	1,072,205
Unearned revenue	588,214
Accrued interest	151,297
Total current liabilities	<u>1,813,060</u>
Noncurrent liabilities:	
Accrued compensated absences	194,057
Bonded debt and capital leases:	
Due within one year	4,017,879
Due in more than one year	44,407,569
Net pension liability	52,425,365
Net other post-employment benefits liability	1,197,173
Total noncurrent liabilities	<u>102,242,043</u>
Total liabilities	<u>104,055,103</u>
DEFERRED INFLOWS OF RESOURCES:	
Related to pension	2,143,739
Related to other post-employment benefits ("OPEB")	20,028
Total deferred inflows of resources	<u>2,163,767</u>
NET POSITION	
Net investment in capital assets	28,889,197
Restricted for:	
Emergencies	400,000
Multi-year obligations	428,645
Debt service	9,361,873
Capital projects	676,933
Unrestricted	<u>(35,751,843)</u>
Total net position	<u>4,004,805</u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Statement of Activities
For the Year Ended June 30, 2018

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
GOVERNMENTAL ACTIVITIES:					
Direct instruction	14,979,951	37,447	1,027,436	-	(13,915,068)
Indirect instruction	1,754,827	-	122,485	-	(1,632,342)
General administration	3,236,005	-	-	-	(3,236,005)
Support services	1,758,034	11,611	32,426	-	(1,713,997)
Custodial and maintenance	3,032,974	-	-	-	(3,032,974)
Transportation	781,706	4,418	61,525	-	(715,763)
Food service	920,805	90,935	353,193	-	(476,677)
Interest on long-term debt	1,401,209	-	-	-	(1,401,209)
Total governmental activities	<u>27,865,511</u>	<u>144,411</u>	<u>1,597,065</u>	<u>-</u>	<u>(26,124,035)</u>
GENERAL REVENUES:					
Taxes:					
Property taxes - Levied for general operations					3,127,325
Property taxes - Levied for debt service					5,097,437
Specific ownership taxes					706,965
Other taxes					12,419
State equalization income					7,571,467
Grants and contributions not restricted to specific programs					539,278
Investment income					207,625
Gain (loss) on disposal of assets					500
Other revenue					210,110
Total general revenues and transfers					<u>17,473,126</u>
Change in net position					(8,650,909)
Net position, beginning (restated)					<u>12,655,714</u>
Net position, ending					<u>4,004,805</u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Grant Fund	Bond Redemption Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	6,274,347	-	9,322,840	676,933	-	16,274,120
Accounts receivable, net:						
Taxes	41,287	-	65,257	-	-	106,544
Other governments	145,788	29,250	35,434	-	-	210,472
Other	-	81,771	-	-	-	81,771
Due from other funds	-	487,218	-	-	1,806,988	2,294,206
Inventories	-	-	-	-	26,812	26,812
Total assets	<u>6,461,422</u>	<u>598,239</u>	<u>9,423,531</u>	<u>676,933</u>	<u>1,833,800</u>	<u>18,993,925</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued expenses	1,344	-	-	-	-	1,344
Accrued salaries	1,048,848	12,909	-	-	10,448	1,072,205
Due to other funds	2,453,638	-	33,005	-	-	2,486,643
Unearned revenues	-	585,330	-	-	2,884	588,214
Total liabilities	<u>3,503,830</u>	<u>598,239</u>	<u>33,005</u>	<u>-</u>	<u>13,332</u>	<u>4,148,406</u>
DEFERRED INFLOWS OF RESOURCES:						
Unavailable property taxes	18,058	-	28,653	-	-	46,711
Fund balances:						
Non-spendable:						
Inventories	-	-	-	-	26,812	26,812
Restricted:						
TABOR	400,000	-	-	-	-	400,000
Multi-year obligations	428,645	-	-	-	-	428,645
Debt service	-	-	9,361,873	-	-	9,361,873
Capital projects	-	-	-	676,933	-	676,933
Committed:						
Food service	-	-	-	-	10,884	10,884
Capital projects	-	-	-	-	1,782,772	1,782,772
Unassigned	2,110,889	-	-	-	-	2,110,889
Total fund balances	<u>2,939,534</u>	<u>-</u>	<u>9,361,873</u>	<u>676,933</u>	<u>1,820,468</u>	<u>14,798,808</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>6,461,422</u>	<u>598,239</u>	<u>9,423,531</u>	<u>676,933</u>	<u>1,833,800</u>	<u>18,993,925</u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2018

Governmental Funds Total Fund Balance		14,798,808
<i>Add:</i>		
Property taxes receivable will be collected this calendar year, but are not available soon enough to pay for the current period's expenditures and therefore, are deferred in the funds.		46,711
Capital assets used in governmental activities are not considered current financial resources and therefore, are not reported in the governmental funds:		
	Capital assets	105,847,886
	Accumulated depreciation	<u>(29,210,174)</u>
		76,637,712
Changes in pension and OPEB related actuarial assumptions, proportion of collective pension and OPEB amounts, differences between actual and expected experience and investment earnings, and differences between actual and annualized contributions to the pension plan and Health Care Trust Fund are recorded as deferred inflows or outflows of resources and amortized over the average remaining service life of all active and inactive plan members:		
	Unamortized Pension-related Deferred Outflows	16,239,448
	Unamortized Pension-related Deferred Inflows	(2,143,739)
	Unamortized OPEB-related Deferred Outflows	65,462
	Unamortized OPEB-related Deferred Inflows	<u>(20,028)</u>
		14,141,143
<i>Less:</i>		
Deferred charges such as deferred refunding costs, and premiums and discounts on bonded debt, are treated as current transactions on the fund financial statements, but are capitalized and amortized on the Statement of Net Position:		
	Deferred refunding costs	773,771
	Premiums and discounts on bonded debt	<u>(3,794,767)</u>
		(3,020,996)
Long-term liabilities, including bonds payable, net pension and OPEB liability, accrued compensated absences, leases payable, and accrued interest are not due and payable in the current period and therefore, are not reported in the funds. This is the amount of District long-term liabilities:		
	Bonds payable	(44,630,681)
	Net pension liability	(52,425,365)
	Net OPEB liability	(1,197,173)
	Accrued compensated absences and early retirement	(194,057)
	Accrued interest	<u>(151,297)</u>
		<u>(98,598,573)</u>
Governmental Activities Net Position		<u><u>4,004,805</u></u>

The accompanying notes are an integral part of these statements.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General Fund	Grant Fund	Bond Redemption Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property taxes	3,119,940	-	5,097,437	-	-	8,217,377
Specific ownership taxes	706,965	-	-	-	-	706,965
Other taxes	12,419	-	-	-	-	12,419
Federal income	247,873	259,111	-	-	345,211	852,195
State income	8,009,029	118,187	-	-	7,982	8,135,198
Investment income (loss)	178,169	-	15,114	14,342	-	207,625
Other	579,769	264,604	-	-	230,565	1,074,938
Total revenues	<u>12,854,164</u>	<u>641,902</u>	<u>5,112,551</u>	<u>14,342</u>	<u>583,758</u>	<u>19,206,717</u>
EXPENDITURES						
Direct instruction	6,138,948	417,060	-	-	-	6,556,008
Indirect instruction	905,374	222,672	-	-	-	1,128,046
General administration	1,662,339	-	-	-	-	1,662,339
Support services	968,683	-	-	-	-	968,683
Custodial and maintenance	1,976,769	-	-	-	-	1,976,769
Transportation	378,100	2,170	-	-	96,700	476,970
Food service	-	-	-	-	585,310	585,310
Capital outlay	16,205	-	-	376,003	49,131	441,339
Debt service:						
Principal	151,726	-	3,705,000	-	-	3,856,726
Interest and fiscal charges	-	-	1,873,128	-	-	1,873,128
Total expenditures	<u>12,198,144</u>	<u>641,902</u>	<u>5,578,128</u>	<u>376,003</u>	<u>731,141</u>	<u>19,525,318</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>656,020</u>	<u>-</u>	<u>(465,577)</u>	<u>(361,661)</u>	<u>(147,383)</u>	<u>(318,601)</u>
OTHER FINANCING SOURCES (USES)						
Sale of fixed assets	500	-	-	-	-	500
Transfers in (out)	(445,000)	-	-	-	445,000	-
Total other financing sources (uses)	<u>(444,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>445,000</u>	<u>500</u>
NET CHANGE IN FUND BALANCES	211,520	-	(465,577)	(361,661)	297,617	(318,101)
FUND BALANCES, BEGINNING	<u>2,728,014</u>	<u>-</u>	<u>9,827,450</u>	<u>1,038,594</u>	<u>1,522,851</u>	<u>15,116,909</u>
FUND BALANCES, ENDING	<u><u>2,939,534</u></u>	<u><u>-</u></u>	<u><u>9,361,873</u></u>	<u><u>676,933</u></u>	<u><u>1,820,468</u></u>	<u><u>14,798,808</u></u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Reconciliation of Revenues, Expenditures and Change in Fund Balances
of Governmental Funds to the Statement of Activities
June 30, 2018

Governmental Funds Change in Fund Balances	(318,101)
 <i>Add:</i>	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlays reported as expenditures in the governmental funds.	168,260
Debt principal payments result in a reduction of accumulated resources on the fund financial statements. The government-wide statements show these payments as reductions against long-term liabilities.	3,856,726
Accrued compensated absences and early retirement reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. This is the change in accrued compensated absences during the year.	(6,889)
Amortization of deferred costs such as premium and discounts on bonds payable and deferred charges from refundings and changes in accrued interest have no impact on current available resources but do change government-wide net position.	471,919
 <i>Less:</i>	
Deferred property tax revenues do not provide current financial resources and are deferred on the governmental fund financial statements but recognized on the government-wide financial statements. This is the change in the deferred property tax recognized in the Statement of Activities.	7,385
Changes in the District's net pension and OPEB liabilities reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in the District's net pension and OPEB liabilities during the year, including differences between employer contributions to the pension plan or Health Care Trust Fund and amortization of pension-related and OPEB-related deferrals.	(10,140,393)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense reported as an expenditure in the governmental activities' functions.	<u>(2,689,816)</u>
Governmental Activities Change in Net Position	<u><u>(8,650,909)</u></u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Statement of Fiduciary Net Position
Agency Fund
June 30, 2018

	<u>Pupil Activity Agency Fund</u>
ASSETS	
Due from Garfield County School District No.16	<u>192,437</u>
Total assets	<u><u>192,437</u></u>
LIABILITIES	
Due to student activities	<u>192,437</u>
Total liabilities	<u><u>192,437</u></u>

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

Garfield County School District No. 16

Notes to the Financial Statements



Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018

I. Summary of Significant Accounting Policies

Garfield County School District No. 16 (the "District") is one of three public school districts within Garfield County, Colorado. The District provides academic and vocational curriculum, student transportation, food services, athletic and cultural extracurricular activities, maintenance and general administrative services. The District is located in the Parachute/Battlement Mesa communities on the Western Slope of Colorado. The District operates the following schools:

Preschool and Kindergarten	Middle Schools	High School
Grand Valley center for Family Learning	Grand Valley Middle School	Grand Valley High School
Elementary School		
Bea Underwood Elementary		

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The District was reorganized by a vote of qualified electorate in 1947 and operates under an elected Board of Education comprised of five members. As required by GAAP, the financial statements of the reporting entity include those of the District and its component units, entities for which the District is considered financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint the voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon the above criteria, the District is not financially accountable for any other organization. No additional separate governmental units, agencies or nonprofit organizations are included in the financial statements of the District.

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

B. District-wide and Fund Financial Statements

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. District-wide and Fund Financial Statements

1. District-wide Financial Statements

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

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

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

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The District reports the following major governmental funds:

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

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

The *Bond Redemption Fund* accounts for transactions related to the District's general obligation bonds and interest.

The *Building Fund* accounts for the construction of and improvements to various school facilities. Bond proceeds are used to finance these projects.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements (continued)

The District also reports the following agency fund:

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

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

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

1. Long-term Economic Focus and Accrual Basis

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

2. Current Financial Focus and Modified Accrual Basis

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

3. Financial Statement Presentation

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

D. Financial Statement Accounts

1. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the acquisition date.

Investments are stated at fair value or net asset value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The District follows Colorado statutes specifying specific investment instruments meeting defined rating criteria in which local governments may invest, which include:

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

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

3. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental units until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

4. Inventory

Inventories recorded in the Food Service Fund consist of purchased and donated commodities. Purchased inventories are valued at cost, while donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt using the first-in, first-out method.

5. Capital Assets

Capital assets, which include land, land improvements, construction in progress, buildings and improvements, equipment, and vehicles, are reported in the governmental column in the government-wide financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost where historical records are available and at an estimated historical cost where no historical record exists. Donated capital assets are recorded at estimated acquisition 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 the asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital outlay for projects is capitalized as projects are constructed. The District does not capitalize interest on the construction of capital assets.

Buildings and improvements, equipment, and vehicles are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	5 - 40
Vehicles and equipment	5 - 20

6. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow if resources (expense/expenditures) until then. The District has three items, charge on refunding, pension, and other post-employment benefits (“OPEB”) related deferred outflows, which qualify for reporting under this category on the Statement of Net Position. A charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. Deferred Outflows and Inflows of Resources (continued)

Deferred inflows of resources represent an acquisition of net position that applied to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category, pension and OPEB related deferred inflows, reported in the Statement of Net Position. These amounts are deferred and recognized as an inflow from resources in the period that the amounts become available.

See Note III.F and Note III.G below for discussion on pension and OPEB, respectively, related deferred outflows and inflows.

7. Compensated Absences

District employees with five or more years of employment with the District are paid for up to thirty days accumulated day leave at the lower of \$50 per day or the current daily rate. Payment is made in July of the year succeeding termination of employment. In addition, District employees are paid for accumulated vacation at their current daily rate upon termination.

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

8. Long-term Debt

In the district-wide financial statements, long-term debt is reported as liabilities in the governmental activities statement of net position. Bonds payable are reported net of the applicable bond premium or discount and deferred refunding costs. Bond premiums, discounts, and deferred refunding costs are amortized over the life of the bonds based on interest payments.

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 the 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.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

9. 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.

10. Post-Employment Benefits

The District participates in the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer defined benefit OPEB fund administered by the 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.

11. Fund Balance and Fund Classifications

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

11. Fund Balance and Fund Classifications (continued)

The District classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Spendable Fund Balance:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Education. The District's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the Board of Education platform to review, and/or make changes to each department's budget. Before year end, a budgetary committee will meet again with each department for final review and approval of preliminary budget. The Budget is then formally presented to the Board of Education via an advertised public process for their review, revisions and final approval by year end. All subsequent budget requests made during the year, after the Board of Education approval, must be presented via a public process and again approval by the Board of Education.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board of Education or its management designee.

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

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of a targeted reserve positions and the Administration calculates targets and report them annually to the Board of Education.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

11. Fund Balance and Fund Classifications (continued)

In addition to the above note disclosure, GASB requires disclosure of the following fund definitions.

General Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

Capital Projects Funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Debt Service Funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

12. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as "due from other funds" or "due to other funds" on the balance sheet when they are expected to be liquidated within one year. If the receivable or payable is not expected to be liquidated after one year, it is classified as "advances to other funds" or "advances from other funds".

E. Significant Accounting Policies

1. Use of Estimates

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Significant Accounting Policies (continued)

2. Credit Risk

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

II. Stewardship, Compliance, and Accountability

A. Bond Trustee

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

B. Budgetary Information

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

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

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

II. Stewardship, Compliance, and Accountability (continued)

B. Budgetary Information (continued)

During the year, supplemental appropriation ordinances were approved for the following funds:

<u>Fund</u>	<u>Original Appropriation</u>	<u>Final Appropriation</u>	<u>Change</u>
General Fund	\$ 12,868,369	12,990,898	122,529
Grant Fund	312,586	2,079,555	1,766,969
Building Fund	1,437,618	1,043,594	(394,024)
Capital Projects Fund	126,100	120,430	(5,670)

C. TABOR Amendment

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

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

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending. The District has reserved \$400,000 of its June 30, 2018 fund balances for this purpose.

In 1997, the District's electorate approved the following ballot question: *"Without increasing any tax rates or imposing any new tax shall Garfield County School District 16 be authorized to collect, keep and expend all District revenues received in fiscal year 1998 and each year thereafter without regard to any spending, revenue raising or other limitation in Article X, Section 20 of the Colorado Constitution or other laws of the state?"*.

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

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

The District is governed by the deposit and investment limitations of state law. The deposits and investment balances (including the agency fund) at June 30, 2018, are as follows:

<u>Type:</u>	<u>Standard & Poors Rating</u>	<u>Balance</u>	<u>Maturities</u>	
			<u>Less Than One Year</u>	<u>Less Than Five Years</u>
<i>Deposits:</i>				
Petty Cash	Not rated	\$ 5,325	5,325	-
Checking accounts	Not rated	622,162	622,162	-
<i>Investments:</i>				
Investment pool	AAAm	15,646,633	15,646,633	-
		<u>\$ 16,274,120</u>	<u>16,274,120</u>	<u>-</u>

The investment pool represents investments in the Colorado Government Liquid Asset Trust ("COLOTRUST") which is a 2a7-like pool. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool.

Interest Rate Risk. The District limits investments maturities as required by state statutes as a means of managing its exposure to fair value losses arising from increasing interest rates. State statutes require the District to limit maturities to five years from the date of purchase. Maturities of investments held at June 30, 2018 are provided in the previous schedule. The District coordinates its investment maturities to closely match cash flow needs.

Credit Risk. State law specify instruments in which local governments may invest, including obligations of the United States, certain U.S. governmental agency securities, local government investment pools, and commercial paper, among other items. The District's general investment policy is to invest surplus funds in accordance with state law, to ensure the preservation of capital, to ensure that adequate funds are available at all times to meet the financial obligations of the District when due, and to realize rates of return on invested funds which are comparable to market levels.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. The District places no limit on the amount it may invest in any one issuer.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by GAAP.

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

Investments Measured at Net Asset Value	Total
COLOTRUST	\$ 15,646,633

B. Receivables and Unavailable Revenue

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

	General Fund	Grant Fund	Bond Redemption Fund	Total Governmental Funds
Receivables:				
Taxes	\$ 41,287	-	65,257	106,544
Other	-	81,771	-	81,771
Intergovernmental	145,788	29,250	35,434	210,472
Gross receivables	187,075	111,021	100,691	398,787
Less: allowance for uncollectible	-	-	-	-
Net Receivables	\$ 187,075	111,021	100,691	398,787

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

III. Detailed Notes on All Funds (continued)

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,968,293	-	-	3,968,293
Construction in progress	450	-	(450)	-
Total capital assets, not being depreciated	<u>3,968,743</u>	<u>-</u>	<u>(450)</u>	<u>3,968,293</u>
Capital assets, being depreciated:				
Buildings and improvements	98,644,685	51,016	-	98,695,701
Vehicles and equipment	3,066,198	117,694	-	3,183,892
Total capital assets being depreciated	<u>101,710,883</u>	<u>168,710</u>	<u>-</u>	<u>101,879,593</u>
Total capital assets - Cost	<u>105,679,626</u>	<u>168,710</u>	<u>(450)</u>	<u>105,847,886</u>
Less accumulated depreciation for:				
Buildings and improvements	(24,290,243)	(2,522,017)	-	(26,812,260)
Vehicles and equipment	(2,230,117)	(167,797)	-	(2,397,914)
Total accumulated depreciation	<u>(26,520,360)</u>	<u>(2,689,814)</u>	<u>-</u>	<u>(29,210,174)</u>
Governmental activities capital assets, net	<u>\$ 79,159,266</u>	<u>(2,521,104)</u>	<u>(450)</u>	<u>76,637,712</u>

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

	<u>Capital Outlay</u>	<u>Depreciation Expense</u>
Governmental activities:		
Direct instruction	\$ 71,560	2,370,977
General administration	-	18,827
Custodial and maintenance	-	183,655
Transportation	96,700	72,863
Food service	-	43,492
Total - governmental activities	<u>\$ 168,260</u>	<u>2,689,814</u>

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

III. Detailed Notes on All Funds (continued)

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, was as follows:

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	<u>Receivable Fund</u>	<u>Payable Fund</u>
General Fund	\$ -	2,453,638
Grant Fund	487,218	-
Bond Redemption Fund	-	33,005
Food Services Fund	24,216	-
Royalty Fund	390,389	-
Capital Projects Fund	1,392,383	-
Pupil Activity Agency Fund	192,437	-
	<u>\$ 2,486,643</u>	<u>2,486,643</u>

Transfers for fiscal year 2018 were as follows:

<u>Transfer In (Out)</u>	<u>Amount</u>	<u>Transfer Purpose</u>
General Fund	\$ (475,000)	To fund food service operations and future capital purchases
	30,000	To fund the Teacher Master Program, Policy GCIE
Capital Projects	350,000	Funding future capital purchases
Food Services Fund	125,000	Funding from the General Fund
Royalty Fund	(30,000)	To fund programs
Total	<u>\$ -</u>	

E. Long-term Debt – Governmental Activities

1. General Obligation Refunding Bonds, Series 2005

On March 24, 2005, the District issued General Obligation Refunding Bonds, Series 2005 in the amount of \$6,785,000. Proceeds of the bond issue were used to advance refund a portion of the General Obligation Bonds, Series 2000 and to pay costs of issuance. The bonds are issued in denominations of \$5,000 and bear interest rates from 3.00% to 4.25%. As noted below the remaining \$3,545,000 of bonds were advance refunded in January 2015.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

III. Detailed Notes on All Funds (continued)

E. Long-term Debt (continued)

2. General Obligation Bonds, Series 2007

On January 23, 2007, the District issued General Obligation Bonds, Series 2007 in the amount of \$35,000,000. Proceeds from the bonds were used to repair and improve school buildings, to acquire land and construct a new middle school, to renovate the existing middle school for use as an elementary school, to renovate and expand the Early Childhood Literacy Center, to construct a new transportation and maintenance facility, and to pay costs of issuance. The bonds are issued in denominations of \$5,000 and bear interest rates from 4.00% to 5.00%. Bonds maturing on or after December 1, 2017, are subject to early redemption on December 1, 2016. The District's debt matures in fiscal year 2022.

3. General Obligation Bonds Refunding Bonds, Series 2010

On August 24, 2010, the District issued General Obligation Refunding Bonds, Series 2010 in the amount of \$3,095,000. Proceeds of the bond issue were used to advance refund the outstanding General Obligation Bonds, Series 2001 and to pay costs of issuance. The bonds are issued in denominations of \$5,000 and bear interest rates from 2.00% to 4.00%. The District's debt matures in fiscal year 2021.

4. General Obligation Bonds Refunding Bonds, Series 2013

On April 3, 2013, the District issued General Obligation Refunding Bonds, Series 2013 in the amount of \$14,925,000. Proceeds of the bond issue were used to advance refund a portion of the outstanding General Obligation Bonds, Series 2007 and to pay costs of issuance. The bonds are issued in denominations of \$5,000 and bear interest rates from 2.00% to 5.00%. The District's debt matures in fiscal year 2021.

5. General Obligation Bonds, Series 2015A and General Obligation Refunding Bonds, Taxable Series 2015B

In January 2015, the District issued General Obligation Bonds, Series 2015A ("2015A bonds") in the amount of \$29,365,000 and General Obligation Refunding Bonds Taxable Series 2015B ("2015B bonds") in the amount of \$3,730,000.

Proceeds from the 2015A bonds will be used to acquire, construct, repair and improve District capital assets, and to pay costs of issuance. The bonds are issued in denominations of \$5,000 and bear interest rates from 2.00% to 5.00%. Bonds maturing on or after December 1, 2025, are subject to early redemption on December 1, 2024. The District's debt matures in fiscal year 2027.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

III. Detailed Notes on All Funds (continued)

E. Long-term Debt (continued)

5. General Obligation Bonds, Series 2015A and General Obligation Refunding Bonds, Taxable Series 2015B (continued)

Proceeds of the 2015B were used to advance refund a portion of the outstanding General Obligation Bonds, Series 2005 and to pay costs of issuance. The bonds are issued in denominations of \$5,000 and bear interest rates from 0.50% to 2.43%. The interest on the 2015B bonds is subject to federal income tax, because the federal tax code limits the number of advance refunding which can be issued by the District. The District's debt matures in fiscal year 2020. The present value savings on the bond refunding was \$118,696.

6. Debt Compliance

The District is compliant in ongoing disclosure requirements to the secondary bond market in accordance with the Securities and Exchange Commission's Rule 15c2-12.

7. Defeasance of Debt

As noted above, proceeds of 2005, 2010, and 2015B refunding bond issuances were used to purchase U.S. government securities to retire previous bonds issues. Sufficient U.S. government, state and local governmental securities were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District's financial records. The amount of the District's defeased debt is not readily determinable.

8. Schedule of Future Payments

The District's aggregate annual debt service requirements for general obligation bonds at June 30, 2018, are as follows:

Fiscal Year Ending	Total	
	Total Principal	Total Interest
2019	\$ 3,815,000	1,762,634
2020	3,895,000	1,632,496
2021	4,055,000	1,473,731
2022	4,095,000	1,299,875
2023	4,290,000	1,157,150
2024 - 2028	24,070,000	2,861,975
Total	44,220,000	10,187,861
	3,794,767	Add: Unamortized bond premium
	<u>\$ 48,014,767</u>	Total bonded debt and capital leases

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

III. Detailed Notes on All Funds (continued)

E. Long-term Debt (continued)

9. Qualified Zone Academy Bonds

On May 12, 2005, the District obtained \$2,500,000 through a lease purchase agreement with the American National Bank by issuing Qualified Zone Academy Bonds. These proceeds were used to retrofit several school buildings with energy efficient lighting, HVAC equipment and boilers and related structural improvements. These bonds were created by Section 226(a) of the Taxpayer Relief Act of 1997 (the "Act"). The Act allowed the issuance of debt by public schools within enterprise zones to be interest free. In addition, there must be an educational program designed in cooperation with businesses and receive a private business contribution that is not less than 10% of the net present value of the bond proceeds, as stipulated in the Act. Annual payments of \$152,020 are being made to advance fund the required payment of \$2,500,000 which is due May 20, 2020. A calculation of the related liability for future fiscal years follows:

Fiscal Year Ending	District Payment	Amortized Discount	Total Liability
2019	\$ 152,020	50,859	202,879
2020	152,020	55,782	207,802
Total	\$ 304,040	106,641	410,681

10. Changes in Long-term Liabilities

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

	(Restated) July 1, 2017	Additions	Reductions	June 30, 2018	Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
Refunding Bonds, Series 2010	\$ 1,225,000	-	(300,000)	925,000	325,000
Refunding Bonds, Series 2013	14,390,000	-	(2,685,000)	11,705,000	2,780,000
Building Bonds, Series 2015A	29,365,000	-	-	29,365,000	-
Taxable Refunding Bonds, Series 2015B	2,945,000	-	(720,000)	2,225,000	710,000
Unamortized bond premium	4,605,256	-	(810,489)	3,794,767	-
Qualified zone academy bonds	608,742	-	(198,061)	410,681	202,879
Accrued compensated absences	187,168	-	6,889	194,057	-
Net OPEB liability	1,168,591	-	28,582	1,197,173	-
Net pension liability	47,211,841	-	5,213,524	52,425,365	-
Total Governmental Activities	\$ 101,706,598	-	535,445	102,242,043	4,017,879

For governmental activities, compensated absences are liquidated by the General Fund.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

III. Detailed Notes on All Funds (continued)

F. 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 \$52,425,365 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The District proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the District proportion was 0.1621%, as compared to its proportion of 0.1586% measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$11,520,463. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 963,881	-
Changes of assumptions or other inputs	13,386,143	84,945
Net difference between projected and actual earnings on pension plan investments	-	2,058,794
Changes in proportionate share of contributions	1,171,642	-
Contributions subsequent to the measurement date	717,782	-
Total	\$ 16,239,448	2,143,739

\$717,782 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date of December 31, 2017, 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:	
2018	\$ 8,932,782
2019	5,097,066
2020	122,605
2021	(774,526)
Total	\$ 13,377,927

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

III. Detailed Notes on All Funds (continued)

F. 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%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50 – 9.70%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25%
Discount Rate	5.26%
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00%
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

A discount rate of 4.78% 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% factor applied to male rates and a 55% 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% factor applied to rates for ages less than 80, a 113% 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% factor applied to rates for ages less than 80, a 106% factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90% of the RP-2014 Disabled Retiree Mortality Table.

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.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

III. Detailed Notes on All Funds (continued)

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

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

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

III. Detailed Notes on All Funds (continued)

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

Discount rate (continued)

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future Amortization Equalization Disbursement (“AED”) and Supplemental Amortization Equalization Disbursement (“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 Annual Increase Reserve (“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% on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43%, resulting in a discount rate of 4.78%.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

III. Detailed Notes on All Funds (continued)

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

Discount rate (continued)

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.78%, 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%) or 1-percentage-point higher (5.78%) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Collective net pension liability	\$ 40,846,431,000	32,336,446,000	25,401,780,000
Proportionate share of net pension liability	66,222,152	52,425,365	41,182,559

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 the District's fiscal year ended 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% funded ratio for each division within the next 30 years.

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

- Increases employer contribution rates by 0.25% on July 1, 2019.
- Increases employee contribution rates by a total of 2% (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.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

III. Detailed Notes on All Funds (continued)

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

Changes between the measurement date of the net pension liability and the District's fiscal year ended June 30, 2018. (continued):

- 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.

At June 30, 2018, the District reported a liability of \$52,425,365 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 Plan Provisions Calculated Using 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)
Collective Net Pension Liability	<u>7.25%</u>	<u>\$ 14,609,326,000</u>
Proportionate Share of Net Pension Liability	7.25%	23,685,325

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 \$28,740,040 of the estimated reduction is attributable to the use of a 7.25% discount rate.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

III. Detailed Notes on All Funds (continued)

G. 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 for OPEB of \$1,197,173 for its proportionate share of net OPEB. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2017. The District proportion of the net OPEB liability was based on District contributions to the Health Care Trust Fund (HCTF) for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the District proportion was 0.0921%, as compared to its proportion of 0.0901% measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense of \$97,702. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expenses and actual experience	\$ 5,662	-
earnings on plan investments	-	20,028
Changes in proportionate share of contributions	21,528	-
Contributions subsequent to measurement date	38,272	-
	\$ 65,462	20,028

\$38,272 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	\$ 335
2020	335
2021	335
2022	337
2023	5,342
Thereafter	478
Total	\$ 7,162

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

III. Detailed Notes on All Funds (continued)

G. 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%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	5.00%
Medicare Part A premiums	3.00% for 2017

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

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

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

III. Detailed Notes on All Funds (continued)

G. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare part A Premiums</u>
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024 and after	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% factor applied to male rates and a 55% factor applied to female rates.

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

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

III. Detailed Notes on All Funds (continued)

G. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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

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

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

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

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

III. Detailed Notes on All Funds (continued)

G. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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.

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%.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

III. Detailed Notes on All Funds (continued)

G. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
PERACare Medicare Trend Rate	4.00%	5.00%	6.00%
Initial Medicare Part A Trend Rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A Trend Rate	3.25%	4.25%	5.25%
Net OPEB Liability	\$ 1,263,843,000	1,299,600,000	1,342,667,000
Proportionate Share of Net OPEB Liability	1,164,234	1,197,173	1,236,846

Discount rate. The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate 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.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

III. Detailed Notes on All Funds (continued)

G. 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% 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%.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, 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%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Collective net pension liability	\$ 1,461,159,000	1,299,600,000	1,161,705,000
Proportionate share of the net OPEB liability	1,345,999	1,197,173	1,070,146

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

IV. Other Information

A. Defined Benefit Pension Plan

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

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.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Other Information (continued)

A. Defined Benefit Pension Plan (continued)

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

In all cases the service retirement benefit is limited to 100% 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% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

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

Benefits provided as of December 31, 2017 (continued). Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Other Information (continued)

A. Defined Benefit Pension Plan (continued)

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% 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%
AED as specified in C.R.S. § 24-51-411 ¹	4.50%	4.50%
SAED as specified in C.R.S. § 24-51-411 ¹	5.00%	5.50%
Total Employer Contribution Rate to the SCHDTF ¹	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 \$1,402,037 for the year ended June 30, 2018.

B. Postemployment Healthcare Benefits

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.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Other Information (continued)

B. Postemployment Healthcare Benefits (continued)

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.

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% 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.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Other Information (continued)

B. Postemployment Healthcare Benefits (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% 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 District were \$75,735 for the year ended June 30, 2018.

C. Defined Contribution Pension Plan

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

Funding Policy – Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. There were no 401(k) Plan member contributions from the District for the years ended June 30, 2018, 2017, and 2016

D. Risk Management

The District is exposed to various risks of loss related to workers compensation, general liability, unemployment, torts, theft of, damage to, and destruction of assets, and error and omissions. The District carries commercial coverage for these risks and claims and does not expect claims to exceed their coverage. For the last three years, settled claims have not exceeded commercial insurance coverage, nor has there been any reduction in insurance coverage.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Other Information (continued)

E. Contingencies

1. Legal Claims

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

2. Federal Programs

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

3. State Programs

The District receives payment for State equalization, State transportation and various other State revenues to fund programs. These grants and programs are subject to audit and may result in the District either refunding amounts due for overpayment or receiving additional revenue for underpayment by the State. These adjustments can be material. The amount of these adjustments cannot be estimated or determined as of the date of these financial statements.

F. Jointly Governed Organization – BOCES

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

The Board of the BOCES consists of one member of each participating district and the college. Each district and the college have equal voting rights in the decisions of the BOCES.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Other Information (continued)

F. Jointly Governed Organization – BOCES

The BOCES has issued its own audited financial statements for the year ended June 30, 2017, the latest available data. The following summary information is presented:

Assets	\$ 5,247,320
Deferred Outflows of Resources	5,127,496
Liabilities	14,846,405
Deferred Inflows of Resources	518,228
Net Position	<u>\$ (4,989,817)</u>
Expenses	\$ (11,469,386)
Program Revenues	9,411,946
General Revenues	122,440
Change in Net Position	<u>(1,935,000)</u>
Net Position - Beginning	<u>(2,942,250)</u>
Prior Period Restatement	(112,566)
Net Position - Ending	<u>\$ (4,989,816)</u>

For the years ended June 30, 2018 and 2017, the District made operating contributions of \$234,032 and \$232,710 respectively.

G. Colorado School District Self Insurance Pool

The District belongs to the Colorado School Districts Self Insurance Pool (the "Pool"). The Pool was established by the Colorado Association of School Boards ("CASB") to provide insurance coverage to participants in the areas of property, crime, vehicle, liability, School Crisis Act, and other coverage. The majority of the Board of Directors of the Pool is appointed by CASB.

Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, aggregate Pool claims, the cost of administrative and other costs, the number of participants, and the adequacy of operating and reserve funds.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Other Information (continued)

G. Colorado School District Self Insurance Pool (continued)

The District's share in the Pool is not determinable from current information. The Pool has issued its own audited financial statements for the six months ended June 30, 2017 the latest available data. The following summary information is presented:

Admitted Assets	\$ 42,273,940
Liabilities	(11,655,251)
Surplus	\$ 30,618,689
Revenues	\$ 7,706,047
Expenses	(4,126,717)
Net Income	3,579,330
Change in nonadmitted assets	235,606
Surplus - Beginning	26,803,753
Net Position - Ending	\$ 30,618,689

H. State Statutes

The District had expenditures in excess of budget for the following fund. This may be a violation of state statute.

Fund	Final Budget	Actual	Expenditures in excess of budget	Reason
Debt Service Fund	\$ 5,571,805	5,578,128	6,323	Unbudgeted county oil and gas audit
Food Service Fund	550,088	585,310	35,222	Commodities used higher than than budget

I. Restatement of Net Position

In 2018, the District implemented Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*, requires employers to recognize their long-term obligation for OPEB as a liability and OPEB related deferred inflows and outflows on the Statement of Net Position. As such, the District's 2018 financial statements report a restatement of net position on the Statement of Activities for governmental activities for \$1,129,772 which was the net amount of the District's long-term obligation of \$1,168,591 and deferred outflows of \$38,819 related to OPEB benefits at June 30, 2017.

Garfield County School District No. 16

Required Supplementary Information



Garfield County School District No. 16
General Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2018
(With Comparative Actual Amounts for 2017)

	<u>2018</u>			<u>Final Budget</u>	<u>2017</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
	<u>Budget</u>	<u>Budget</u>	<u>Amounts</u>	<u>Positive</u>	<u>Amounts</u>
				<u>(Negative)</u>	
REVENUES					
Taxes:					
Property taxes levied for general purposes	3,603,656	3,593,689	3,119,940	(473,749)	3,573,794
Specific ownership taxes	541,695	541,695	706,965	165,270	581,175
Other taxes	50,000	50,000	12,419	(37,581)	41,061
Federal income	196,010	212,772	247,873	35,101	181,012
State income	8,076,506	7,982,160	8,009,029	26,869	7,336,500
Investment income	70,000	70,000	178,169	108,169	99,887
Other	300,500	510,578	579,769	69,191	307,778
Total revenues	<u>12,838,367</u>	<u>12,960,894</u>	<u>12,854,164</u>	<u>(106,730)</u>	<u>12,121,207</u>
EXPENDITURES					
Direct instruction	6,426,755	6,379,203	6,138,948	240,255	5,781,073
Indirect instruction	872,398	937,711	905,374	32,337	1,079,522
General administration	1,833,290	1,818,270	1,662,339	155,931	1,797,996
Support services	998,945	993,891	968,683	25,208	970,344
Custodial and maintenance	1,756,908	1,756,908	1,976,769	(219,861)	1,950,909
Transportation	302,666	302,666	378,100	(75,434)	336,372
Capital outlay	-	25,075	16,205	8,870	-
Principal retirement	152,000	152,000	151,726	274	206,256
Interest and fiscal charges	-	-	-	-	1,793
Contingency	375,405	475,170	-	475,170	-
Total expenditures	<u>12,718,367</u>	<u>12,840,894</u>	<u>12,198,144</u>	<u>642,750</u>	<u>12,124,265</u>
EXCESS (DEFICIENCY) OF					
REVENUES OVER EXPENDITURES	<u>120,000</u>	<u>120,000</u>	<u>656,020</u>	<u>536,020</u>	<u>(3,058)</u>
OTHER FINANCING SOURCES (USES)					
Sale of fixed assets	-	-	500	500	-
Transfers in (out)	(120,000)	(120,000)	(445,000)	(325,000)	(610,000)
Total other financing sources (uses)	<u>(120,000)</u>	<u>(120,000)</u>	<u>(444,500)</u>	<u>(324,500)</u>	<u>(610,000)</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>211,520</u>	<u>211,520</u>	<u>(613,058)</u>
FUNDS BALANCES, BEGINNING			<u>2,728,014</u>		<u>3,341,072</u>
FUND BALANCES, ENDING			<u>2,939,534</u>		<u>2,728,014</u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Grants Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2018
(With Comparative Actual Amounts for 2017)

	2018			Final Budget	2017
	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)	Actual Amounts
REVENUES					
Federal income	216,331	279,141	259,111	(20,030)	399,867
State income	52,506	442,641	118,187	(324,454)	193,310
Other sources	43,749	1,357,771	264,604	(1,093,167)	355,235
Total revenues	<u>312,586</u>	<u>2,079,553</u>	<u>641,902</u>	<u>(1,437,651)</u>	<u>948,412</u>
EXPENDITURES					
Direct instruction	268,837	1,109,266	417,060	692,206	768,390
Indirect instruction	43,749	699,034	222,672	476,362	168,614
General administration	-	44,640	-	44,640	5,247
Custodial and maintenance	-	25,000	-	25,000	-
Transportation	-	3,508	2,170	1,338	4,816
Food service	-	-	-	-	1,345
Capital outlay	-	198,105	-	198,105	-
Total expenditures	<u>312,586</u>	<u>2,079,553</u>	<u>641,902</u>	<u>1,437,651</u>	<u>948,412</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING			-		-
FUND BALANCES, ENDING			<u>-</u>		<u>-</u>

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

Garfield County School District No. 16
Schedule of District's Proportionate Share of the Net Pension Liability
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.1621%	0.1586%	0.1467%	0.1457%	0.1533%
District's proportionate share of the net pension liability	52,425,365	47,211,841	22,440,321	19,753,937	19,575,659
District's covered payroll	7,478,617	7,116,816	6,394,179	6,105,851	6,181,921
District's proportionate share of the net pension liability as a percentage of its covered payroll	701%	663%	351%	324%	317%
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.10%	59.20%	62.84%	64.07%

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

The accompanying notes to required supplementary information are an integral part of these statements.

Garfield County School District No 16
Schedule of District Pension Contributions
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	1,402,037	1,290,279	1,108,111	1,003,192	960,053
Contributions in relation to the contractually required contribution	<u>(1,402,037)</u>	<u>(1,290,279)</u>	<u>(1,108,111)</u>	<u>(1,003,192)</u>	<u>(960,053)</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
District's covered payroll	7,424,996	7,116,816	6,394,179	6,105,851	6,181,921
Contributions as a percentage of covered payroll	18.88%	18.13%	17.33%	16.43%	15.53%

* Information is only available beginning in fiscal year 2014.

The accompanying notes to required supplementary information are an integral part of these statements.

Garfield County School District No 16
Schedule of District's Proportionate Share of the Other Post-Employment Benefits Liability
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.0921%	0.0901%
District's proportionate share of the net OPEB liability	1,197,173	1,168,591
District's covered-employee payroll	7,478,617	7,116,816
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	625%	609%
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%	16.72%

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

The accompanying notes to required supplementary information are an integral part of these statements.

Garfield County School District No 16
Schedule of District Other Post-Employment Benefits Contributions
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

	<u>2018</u>	<u>2017</u>
Contractually required contribution	75,735	76,118
Contributions in relation to the contractually required contribution	<u>(75,735)</u>	<u>(76,118)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
District's covered-employee payroll	7,424,997	7,462,533
Contributions as a percentage of covered-employee payroll	1.02%	1.02%

* Information is only available beginning in fiscal year 2017.

The accompanying notes to required supplementary information are an integral part of these statements.

Garfield County School District No. 16
Notes to the Required Supplementary Information
June 30, 2018

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

A. Changes to Assumptions or Other Inputs

1. Changes since the December 31, 2016 actuarial valuation:

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

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

- The investment return assumption was lowered from 7.5 percent to 7.25 percent
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent
- The post-retirement mortality assumption for healthy lives for the School and Denver Public School ("DPS") Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93 percent factor applied to ages below 80 and a 113 percent factor applied to age 80 and above, projected to 2018, or males, and a 68 percent factor applied to ages below 80 and a 106 percent factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90 percent of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35 percent to 0.40 percent.
- The SEIR for the School Division Trust Fund was lowered from 7.50 percent to 5.26 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.

Garfield County School District No. 16
Notes to the Required Supplementary Information
June 30, 2018
(Continued)

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

A. Changes to Assumptions or Other Inputs (continued)

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

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18-month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

B. Changes of Benefit Terms

No changes during the years presented.

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

No changes during the years presented.

II. Schedule of District Pension Contributions

A. Changes to Assumptions or Other Inputs

No changes during the years presented.

B. Changes of Benefit Terms

No changes during the years presented.

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

No changes during the years presented.

Garfield County School District No. 16
Notes to the Required Supplementary Information
June 30, 2018
(Continued)

III. Schedule of the District's Proportionate Share of the Other Post-Employment Benefits Liability

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit term

No changes during the years presented.

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

No changes during the years presented.

IV. Schedule of District Other Post-Employment Benefits Contributions

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms

No changes during the years presented.

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

No changes during the years presented.

Garfield County School District No. 16

Supplementary Information



GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Bond Redemption Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2018
(With Comparative Actual Amounts for 2017)

	<u>2018</u>			<u>2017</u>
	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual Amounts</u>
REVENUES				
Property taxes	5,571,805	5,097,437	(474,368)	5,526,408
Investment income (loss)	-	15,114	15,114	1,932
Other revenue	-	-	-	1
Total revenues	<u>5,571,805</u>	<u>5,112,551</u>	<u>(459,254)</u>	<u>5,528,341</u>
EXPENDITURES				
Debt service:				
Principal	3,705,000	3,705,000	-	3,555,000
Interest and fiscal charges	1,866,805	1,873,128	(6,323)	1,996,118
Total expenditures	<u>5,571,805</u>	<u>5,578,128</u>	<u>(6,323)</u>	<u>5,551,118</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>(465,577)</u>	<u>(465,577)</u>	<u>(22,777)</u>
FUND BALANCES, BEGINNING		<u>9,827,450</u>		<u>9,850,227</u>
FUND BALANCES, ENDING		<u>9,361,873</u>		<u>9,827,450</u>

The accompanying notes are integral part of these financial statements.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Building Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2018
(With Comparative Actual Amounts for 2017)

	2018			Final Budget Variance Positive (Negative)	2017
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
REVENUES					
State income	-	-	-	-	2,811,124
Investment income	5,000	5,000	14,342	9,342	35,572
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>14,342</u>	<u>9,342</u>	<u>2,846,696</u>
EXPENDITURES					
Buildings and improvements	1,437,618	641,729	-	641,729	10,028,690
Furniture and fixtures	-	-	-	-	30,122
Equipment	-	288,416	262,554	25,862	959,723
Professional services	-	113,449	113,449	-	550,107
Property services	-	-	-	-	1,053
Total expenditures	<u>1,437,618</u>	<u>1,043,594</u>	<u>376,003</u>	<u>667,591</u>	<u>11,569,695</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,432,618)</u>	<u>(1,038,594)</u>	<u>(361,661)</u>	<u>676,933</u>	<u>(8,722,999)</u>
OTHER FINANCING SOURCES					
Bond proceeds	1,432,618	1,038,594	-	(1,038,594)	-
Total other financing sources	<u>1,432,618</u>	<u>1,038,594</u>	<u>-</u>	<u>(1,038,594)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>(361,661)</u>	<u>(361,661)</u>	<u>(8,722,999)</u>
FUND BALANCES, BEGINNING			<u>1,038,594</u>		<u>9,761,593</u>
FUND BALANCES, ENDING			<u>676,933</u>		<u>1,038,594</u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2018

	<u>Special Revenue Fund</u>		<u>Capital Projects Fund</u>	<u>Total Non-Major Governmental Funds</u>
	<u>Food Service Fund</u>	<u>Royalty Fund</u>		
ASSETS				
Due from other funds	24,216	390,389	1,392,383	1,806,988
Inventories	26,812	-	-	26,812
Total assets	<u>51,028</u>	<u>390,389</u>	<u>1,392,383</u>	<u>1,833,800</u>
LIABILITIES				
Accrued salaries	10,448	-	-	10,448
Other deferred revenue	2,884	-	-	2,884
Total liabilities	<u>13,332</u>	<u>-</u>	<u>-</u>	<u>13,332</u>
FUND BALANCES				
Non-spendable				
Inventories	26,812	-	-	26,812
Committed:				
Food service	10,884	-	-	10,884
Capital projects	-	390,389	1,392,383	1,782,772
Total fund balances	<u>37,696</u>	<u>390,389</u>	<u>1,392,383</u>	<u>1,820,468</u>
Total liabilities and fund balances	<u>51,028</u>	<u>390,389</u>	<u>1,392,383</u>	<u>1,833,800</u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2018

	<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>	<u>Total Non-Major Governmental Funds</u>
	<u>Food Service Fund</u>	<u>Royalty Fund</u>		
REVENUES				
Federal income	345,211	-	-	345,211
State income	7,982	-	-	7,982
Other revenue	90,967	139,598	-	230,565
Total revenues	<u>444,160</u>	<u>139,598</u>	<u>-</u>	<u>583,758</u>
EXPENDITURES				
Transportation	-	96,700	-	96,700
Food service	585,310	-	-	585,310
Capital outlay	-	36,084	13,047	49,131
Total expenditures	<u>585,310</u>	<u>132,784</u>	<u>13,047</u>	<u>731,141</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(141,150)</u>	<u>6,814</u>	<u>(13,047)</u>	<u>(147,383)</u>
OTHER FINANCING SOURCES				
Transfers in (out)	125,000	(30,000)	350,000	445,000
Total other financing sources	<u>125,000</u>	<u>(30,000)</u>	<u>350,000</u>	<u>445,000</u>
NET CHANGE IN FUND BALANCES	(16,150)	(23,186)	336,953	297,617
FUND BALANCES, BEGINNING	<u>53,846</u>	<u>413,575</u>	<u>1,055,430</u>	<u>1,522,851</u>
FUND BALANCES, ENDING	<u><u>37,696</u></u>	<u><u>390,389</u></u>	<u><u>1,392,383</u></u>	<u><u>1,820,468</u></u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Food Services Fund
Schedule of Revenues, Expenditures and Changes in Net Position
Assets - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2018
(With Comparative Actual Amounts for 2017)

	2018		Variance Positive (Negative)	2017
	Original and Final Budget	Actual Amounts		Actual Amounts
REVENUES				
Food sales	109,850	90,967	(18,883)	80,308
Federal reimbursement	336,538	345,211	8,673	329,192
State reimbursement	3,700	7,982	4,282	7,708
Total revenues	<u>450,088</u>	<u>444,160</u>	<u>(5,928)</u>	<u>417,208</u>
EXPENDITURES				
Food service	546,588	585,310	(38,722)	529,872
Capital outlay	3,500	-	3,500	-
Total expenditures	<u>550,088</u>	<u>585,310</u>	<u>(35,222)</u>	<u>529,872</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(100,000)</u>	<u>(141,150)</u>	<u>(41,150)</u>	<u>(112,664)</u>
OTHER FINANCING SOURCES				
Transfers in (out)	100,000	125,000	25,000	75,000
Total other financing sources	<u>100,000</u>	<u>125,000</u>	<u>25,000</u>	<u>75,000</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>(16,150)</u>	<u>(16,150)</u>	<u>(37,664)</u>
TOTAL NET POSITION, BEGINNING		<u>53,846</u>		<u>91,510</u>
TOTAL NET POSITION, ENDING		<u><u>37,696</u></u>		<u><u>53,846</u></u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Royalty Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2018
(With Comparative Actual Amounts for 2017)

	2018			Final Budget Variance Positive (Negative)	2017
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
REVENUES					
Other sources	100,000	200,000	139,598	(60,402)	103,201
Total revenues	<u>100,000</u>	<u>200,000</u>	<u>139,598</u>	<u>(60,402)</u>	<u>103,201</u>
EXPENDITURES					
General administration	-	-	-	-	4,000
Support services	70,000	33,916	-	33,916	-
Transportation	-	100,000	96,700	3,300	76,547
Capital outlay	-	36,084	36,084	-	-
Total expenditures	<u>70,000</u>	<u>170,000</u>	<u>132,784</u>	<u>37,216</u>	<u>80,547</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>30,000</u>	<u>30,000</u>	<u>6,814</u>	<u>(23,186)</u>	<u>22,654</u>
OTHER FINANCING SOURCES					
Transfers in (out)	(30,000)	(30,000)	(30,000)	-	-
Total other financing sources	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>(23,186)</u>	<u>(23,186)</u>	<u>22,654</u>
FUND BALANCES, BEGINNING			<u>413,575</u>		<u>390,921</u>
FUND BALANCES, ENDING			<u><u>390,389</u></u>		<u><u>413,575</u></u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
(With Comparative Actual Amounts for 2017)

	<u>2018</u>			<u>Final Budget</u>	<u>2017</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
	<u>Budget</u>	<u>Budget</u>	<u>Amounts</u>	<u>Positive</u>	<u>Amounts</u>
				<u>(Negative)</u>	
EXPENDITURES					
Buildings and improvements	-	-	700	(700)	-
Equipment	-	2,840	12,347	(9,507)	33,054
Other	-	-	-	-	7,200
Contingency	126,100	117,590	-	117,590	-
Total expenditures	<u>126,100</u>	<u>120,430</u>	<u>13,047</u>	<u>107,383</u>	<u>40,254</u>
EXCESS (DEFICIENCY) OF REVENUES					
OVER EXPENDITURES	<u>(126,100)</u>	<u>(120,430)</u>	<u>(13,047)</u>	<u>107,383</u>	<u>(40,254)</u>
OTHER FINANCING SOURCES					
Transfers in (out)	126,100	120,430	350,000	229,570	535,000
Total other financing sources	<u>126,100</u>	<u>120,430</u>	<u>350,000</u>	<u>229,570</u>	<u>535,000</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>336,953</u>	<u>336,953</u>	<u>494,746</u>
FUND BALANCES, BEGINNING			<u>1,055,430</u>		<u>560,684</u>
FUND BALANCES, ENDING			<u>1,392,383</u>		<u>1,055,430</u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Schedule of Revenues, Expenditures, and Changes in Fiduciary
Assets and Liabilities - Budget and Actual (GAAP Basis)
Pupil Activity Agency Fund
For the Year Ended June 30, 2018
(With Comparative Actual Amounts for 2017)

	<u>2018</u>		<u>Variance Positive (Negative)</u>	<u>2017</u>
	<u>Original and Final Budget</u>	<u>Actual Amounts</u>		<u>Actual Amounts</u>
ADDITIONS				
Programs	350,000	307,266	(42,734)	772,001
Total additions	<u>350,000</u>	<u>307,266</u>	<u>(42,734)</u>	<u>772,001</u>
 DEDUCTIONS				
Programs	350,000	289,534	60,466	775,480
Total deductions	<u>350,000</u>	<u>289,534</u>	<u>60,466</u>	<u>775,480</u>
 CHANGE IN FIDUCIARY ASSETS AND LIABILITIES	<u>-</u>	17,732	<u>17,732</u>	(3,479)
 DUE TO STUDENT ACTIVITIES, BEGINNING		<u>174,705</u>		<u>178,184</u>
DUE TO STUDENT ACTIVITIES, ENDING		<u>192,437</u>		<u>174,705</u>

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



Colorado Department of Education

Auditors Integrity Report

District: 1220 - GARFIELD 16

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	2,728,014	12,409,665	12,198,143	2,939,536
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	2,728,014	12,409,665	12,198,143	2,939,536
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	413,575	109,598	132,784	390,389
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
21 Food Service Spec Revenue Fund	53,846	569,160	585,310	37,696
22 Govt Designated-Purpose Grants Fund	0	641,901	641,901	0
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	9,827,450	5,112,550	5,578,128	9,361,873
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	1,038,594	14,342	376,003	676,933
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	1,055,430	350,000	13,047	1,392,383
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	15,116,909	19,207,217	19,525,316	14,798,810
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	174,705	307,266	289,535	192,437
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	174,705	307,266	289,535	192,437

FINAL