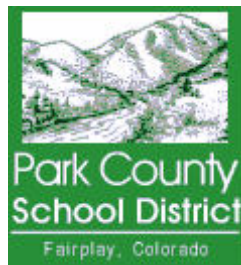


Park County School District RE-2

Financial Report

June 30, 2018



High Altitude, High Attitude, High Achievement

**Park County School District RE-2
Financial Report
June 30, 2018**

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**Park County School District RE-2
Annual Financial Report
June 30, 2018**

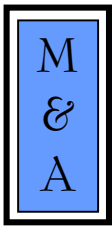
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INDEPENDENT AUDITOR'S REPORT

**To the Board of Education
Park County School District RE-2
Fairplay, Colorado**

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Park County School District RE-2 (the "District"), as of and for the year ended June 30, 2018, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Park County School District RE-2 as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U. S. generally accepted accounting principles.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
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Emphasis of Matter

As discussed in Note V.G 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

U. S. generally accepted accounting principles require that Management's Discussion and Analysis in Section B, and the Schedule of Employer's Proportionate Share of Net Pension Liability and the Schedule of District Contributions 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 U. S. generally accepted auditing standards, 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.

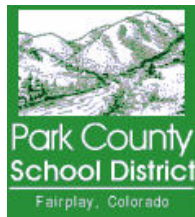
The budgetary comparison schedules in Section E are not a required part of the basic financial statements but is supplementary information required by U. S. generally accepted accounting principles. The budgetary comparison information has been subjected to the auditing procedures applied in the audit 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 statement or to the financial statements themselves, and other additional procedures in accordance with U. S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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, 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 finance statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
October 17, 2018**

Park County School District RE-2
Management's Discussion and Analysis



High Altitude, High Attitude, High Achievement

**Park County School District RE-2
Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2018**

As management of the Park County School District RE-2 (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018.

Financial Highlights

- The assets of the District exceeded its liabilities by \$10,911,133 (net position) at the close of the most recent fiscal year end. Like many Colorado School Districts, unrestricted net assets are negative due to a large net pension liability relating to the District's share of PERA.
- At the end of the current fiscal year, total fund balance for the General Fund was \$4,238,468 or 78% of total General Fund expenditures of \$5,452,314. The District's General Fund includes the Insurance Reserve Fund, as required by the Colorado Department of Education. The District's fund balance, excluding this additional fund, totaled \$4,178,484, which was an increase of \$1,094,688.
- The District's total net position (including charter schools) decreased by \$3,585,063.
- The District's debt decreased a net amount of \$716,883 from June 30, 2017 and was the result of payments for scheduled debt.

Overview of the Financial Statements

This discussion and analysis is 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. This report also contains other supplementary information in addition to the basic 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, using accounting methods similar to those used by private-sector businesses.

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

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to 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).

The only category reported in the government-wide financial statements is as follows:

- **Governmental activities:** Most of the District's basic services are included here, such as instructional services, transportation, support services, food service and student activities. Such services include activities relating to building maintenance, technology and administration.

The government-wide financial statement includes not only the Park County School District RE-2 itself, but also the Lake George and Guffey Charter Schools as component units to the District. These Charter Schools function as schools of the District, and therefore, have been included as an integral part of the District.

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

Overview of the Financial Statements (continued)

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.

Governmental 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 fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on 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. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Capital Reserve Fund, Student Activity Fund, Food Service Fund and Bond Redemption Fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for all of its funds. Budgetary comparison schedules have been provided to demonstrate compliance with state budget statutes.

The basic major governmental fund financial statements can be found on pages C3 through C6.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for Fiduciary funds is much like that used for proprietary funds. The fiduciary funds used by the District account 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. The basic fiduciary fund financial statement can be found on page C7 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found in Section D of this report.

Overview of the Financial Statements (continued)

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. This information can be found in Sections E and F of this report.

Government-wide Financial Analysis:

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets exceed liabilities by \$10,911,133 at the close of the most recent fiscal year.

Park County School District RE-2 Summary of Net Position:

	Governmental Activities		Component Units		Total	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Assets:						
Current and other assets	\$ 8,305,664	7,284,934	835,650	732,244	9,141,314	8,017,178
Capital assets	33,517,359	34,527,171	200,414	201,931	33,717,773	34,729,102
Total Assets	41,823,023	41,812,105	1,036,064	934,175	42,859,087	42,746,280
Deferred outflow s						
of resources:						
Pension related deferred outflow	5,992,537	6,777,833	1,765,306	2,125,635	7,757,843	8,903,468
Post-employment health benefits related deferred outflow	30,544	-	10,898	-	41,442	-
Total deferred outflow s of resources	6,023,081	6,777,833	1,776,204	2,125,635	7,799,285	8,903,468
Liabilities:						
Other liabilities	494,198	634,366	183,121	156,238	677,319	790,604
Long-term liabilities	31,701,753	29,794,591	6,128,583	5,468,795	37,830,336	35,263,386
Total Liabilities	32,195,951	30,428,957	6,311,704	5,625,033	38,507,655	36,053,990
Deferred inflow s						
of resources:						
Pension related deferred inflow	901,772	377,902	327,684	178,870	1,229,456	556,772
Post-employment health benefits related deferred inflow	7,604	-	2,524	-	10,128	-
Total deferred inflow s of resources	909,376	377,902	330,208	178,870	1,239,584	556,772
Net position:						
Net invested in capital assets	22,304,833	22,572,548	200,414	-	22,505,247	22,572,548
Restricted	3,477,736	3,415,300	425,127	369,080	3,902,863	3,784,380
Unrestricted	(11,041,792)	(8,204,769)	(4,455,185)	(3,113,173)	(15,496,977)	(11,317,942)
Total net position	\$ 14,740,777	17,783,079	(3,829,644)	(2,744,093)	10,911,133	15,038,986

Government-wide Financial Analysis (continued):

The following is summary information reflecting the changes in District Net Position:

Park County School District RE-2 Changes in Net Position:

	Governmental Activities		Component Units		Total	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Revenues:						
<i>Program revenues:</i>						
Charges for services	\$ 82,997	76,700	50,220	14,783	133,217	91,483
Operating grants and contributions	1,212,754	808,564	309,956	500,573	1,522,710	1,309,137
Capital grants and contributions	19,553	27,269	15,200	27,478	34,753	54,747
<i>General revenues:</i>						
Property taxes	4,132,560	4,364,791	1,389,369	1,290,953	5,521,929	5,655,744
Specific ownership taxes	745,303	730,237	-	-	745,303	730,237
State equalization revenue	1,536,068	1,086,247	-	-	1,536,068	1,086,247
Investment earnings	74,718	28,196	10,853	5,062	85,571	33,258
Other	418,787	237,503	-	-	418,787	237,503
Gain on disposal of capital assets	3,051	-	-	-	3,051	-
Total Revenues	8,225,791	7,359,507	1,775,598	1,838,849	10,001,389	9,198,356
Expenses:						
Direct instruction	6,709,702	6,232,589	1,665,375	1,549,798	8,375,077	7,782,387
Indirect instruction	728,983	546,587	660	1,148	729,643	547,735
Transportation	383,742	352,819	3,030	6,753	386,772	359,572
Custodial maintenance	715,165	604,303	353,368	272,837	1,068,533	877,140
Support services	430,389	399,205	30,098	26,974	460,487	426,179
General administration	1,046,049	864,051	520,117	467,291	1,566,166	1,331,342
Community service	1,182	1,513	269	677	1,451	2,190
Student activities	48,374	46,102	-	98,784	48,374	144,886
Interest	443,722	471,680	-	-	443,722	471,680
Food services	337,693	265,353	168,534	63,987	506,227	329,340
Total Expenses	10,845,001	9,784,202	2,741,451	2,488,249	13,586,452	12,272,451
Change in net position before transfers and special items	(2,619,210)	(2,424,695)	(965,853)	(649,400)	(3,585,063)	(3,074,095)
Change in net position after transfers and special items	(2,619,210)	(2,424,695)	(965,853)	(649,400)	(3,585,063)	(3,074,095)
Net position - July 1, as previously stated	17,783,079	20,207,774	(2,744,093)	(2,094,693)	15,038,986	18,113,081
Prior Period Adjustment	(423,092)	-	(119,698)	-	(542,790)	-
Net position, July 1, as restated	17,359,987	20,207,774	(2,863,791)	(2,094,693)	14,496,196	18,113,081
Net position - June 30	\$ 14,740,777	\$ 17,783,079	\$ (3,829,644)	\$ (2,744,093)	\$ 10,911,133	\$ 15,038,986

Financial Analysis of the District's Funds

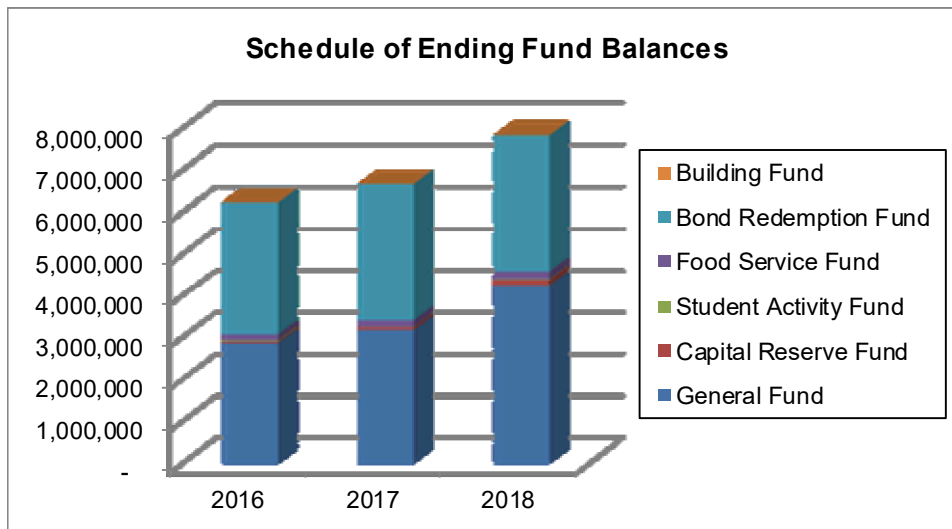
As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, unreserved fund balances may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$7,817,916. The fund balance increased \$1,158,598 from the prior year ending fund balances.

Fund Balance Trending:

The following graph provides a view of the District's ending governmental fund balances for the last three fiscal years:



Financial Analysis of the District's Funds (continued)

Budget Variances in the General Fund: 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.

One of the most important variances to discuss is budgeted versus actual revenues and expenditures in the General Fund. The District had a favorable comparison to the final budget by \$1,215,960. Excluding the budgeted contingency, the District had a favorable variance of \$1,048,262.

Capital Assets: The District's capital assets, net of accumulated depreciation, totaled \$33,517,359 as of June 30, 2018. The District capitalizes assets, including buildings and improvements, vehicles, and equipment with an original cost greater than \$5,000 and useful life of more than two years.

Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements in Section D.

Long-term Debt: As of the end of the current fiscal year, the District's long-term liabilities totaled \$31,701,753, and are comprised of bonds, net pension and OPEB liability, compensated absences and leases payable. This is a net change of \$1,907,162 from the prior year, primarily due to change in net pension liability.

Additional information, as well as a detailed classification of all of the District's total long-term liabilities, can be found in the Notes to the Financial Statements in Section D.

Economic Factors

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 in to account cost of living, number of students, district size, personnel vs. non-personnel costs, number of at-risk students, amongst other factors. The purpose of this act was to establish a financial base of support for public education, to move towards a uniform mill levy tax state-wide for all districts, and to limit future growth of and reliance upon property tax to support public education. Funding sources for the School Finance Act is derived by the following formula:

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

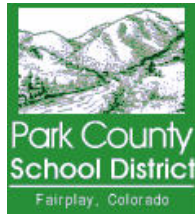
Next Year's Budget and Rates: The District's General Fund balance at the end of fiscal year 2018 totaled \$4,238,468.

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 provided in this report or requests for additional financial information should be addressed to Park County School District RE-2, Business Service, P.O. Box 189, Fairplay, Colorado 80440.

Park County School District RE-2

Basic Financial Statements



High Altitude, High Attitude, High Achievement

PARK COUNTY SCHOOL DISTRICT RE-2
Statement of Net Position
June 30, 2018

	<u>Primary Government</u>		Component Units
	Governmental Activities	Total	
ASSETS			
Current assets:			
Cash and cash equivalents	7,657,298	7,657,298	828,276
Accounts, taxes, and interest receivable	426,046	426,046	7,374
Due from other governments	218,815	218,815	-
Inventory	3,505	3,505	-
Total current assets	<u>8,305,664</u>	<u>8,305,664</u>	<u>835,650</u>
Capital assets:			
Buildings and improvements	38,406,940	38,406,940	200,414
Equipment	215,786	215,786	-
Vehicles	893,206	893,206	-
Less: Accumulated depreciation	(5,998,573)	(5,998,573)	-
Total net capital assets	<u>33,517,359</u>	<u>33,517,359</u>	<u>200,414</u>
 Total assets	 <u>41,823,023</u>	 <u>41,823,023</u>	 <u>1,036,064</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflows	5,992,537	5,992,537	1,765,306
Post-employment health benefits related deferred outflow	30,544	30,544	10,898
Total deferred outflows of resources	<u>6,023,081</u>	<u>6,023,081</u>	<u>1,776,204</u>
LIABILITIES			
Current liabilities:			
Accounts, retainage, arbitrage & deposits payable	42,163	42,163	21,490
Accrued compensation	413,630	413,630	161,631
Accrued interest	35,824	35,824	-
Unearned revenue	2,581	2,581	-
Total current liabilities	<u>494,198</u>	<u>494,198</u>	<u>183,121</u>
Noncurrent liabilities:			
Compensated absences	124,383	124,383	-
Due within one year	770,453	770,453	-
Due in more than one year	10,442,073	10,442,073	-
Net pension liability	19,910,451	19,910,451	5,991,757
Post-employment health benefits (OPEB)	454,393	454,393	136,826
Total noncurrent liabilities	<u>31,701,753</u>	<u>31,701,753</u>	<u>6,128,583</u>
 Total liabilities	 <u>32,195,951</u>	 <u>32,195,951</u>	 <u>6,311,704</u>
DEFERRED INFLOWS OF RESOURCES:			
Pension related deferred inflows	901,772	901,772	327,684
Post-employment health benefits related deferred inflow	7,604	7,604	2,524
Total deferred inflows of resources	<u>909,376</u>	<u>909,376</u>	<u>330,208</u>
NET POSITION			
Net investment in capital assets	22,304,833	22,304,833	200,414
Restricted for:			
TABOR	235,250	235,250	62,212
Personnel costs	-	-	362,915
Debt service	3,242,486	3,242,486	-
Unrestricted	<u>(11,041,792)</u>	<u>(11,041,792)</u>	<u>(4,455,185)</u>
 Total net position	 <u>14,740,777</u>	 <u>14,740,777</u>	 <u>(3,829,644)</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Statement of Activities
For the Year Ended June 30, 2018

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units
				Governmental Activities	Total		
Functions/Programs:							
Governmental Activities:							
Current:							
Direct instruction	6,709,702	-	949,016	19,553	(5,741,133)	(5,741,133)	-
Indirect instruction	728,983	-	-	-	(728,983)	(728,983)	-
Transportation	383,742	-	47,617	-	(336,125)	(336,125)	-
Custodial and maintenance	715,165	-	-	-	(715,165)	(715,165)	-
Support services	430,389	-	-	-	(430,389)	(430,389)	-
General administration	1,046,049	-	-	-	(1,046,049)	(1,046,049)	-
Community service	1,182	-	45,544	-	44,362	44,362	-
Student activities	48,374	-	-	-	(48,374)	(48,374)	-
Food service	337,693	82,997	170,577	-	(84,119)	(84,119)	-
Interest on long-term debt	443,722	-	-	-	(443,722)	(443,722)	-
Total governmental activities	<u>10,845,001</u>	<u>82,997</u>	<u>1,212,754</u>	<u>19,553</u>	<u>(9,529,697)</u>	<u>(9,529,697)</u>	<u>-</u>
Total Primary Government	<u>10,845,001</u>	<u>82,997</u>	<u>1,212,754</u>	<u>19,553</u>	<u>(9,529,697)</u>	<u>(9,529,697)</u>	<u>-</u>
Component Units:							
Guffey Charter School	647,536	1,128	76,415	3,015	-	-	(566,978)
Lake George Charter School	2,093,915	49,092	199,702	12,185	(1,832,936)	-	(1,832,936)
Total component units	<u>2,741,451</u>	<u>50,220</u>	<u>276,117</u>	<u>15,200</u>	<u>(1,832,936)</u>	<u>-</u>	<u>(2,399,914)</u>
General revenues:							
Property taxes, levied for general purposes					2,993,670	2,993,670	-
Property taxes, levied for debt					1,138,890	1,138,890	-
Specific ownership taxes					745,303	745,303	-
State equalization revenue					1,536,068	1,536,068	-
Per pupil funding					-	-	1,389,369
Grants and contributions not restricted to specific programs					418,787	418,787	33,839
Interest and investment earnings					74,718	74,718	10,853
Gain (loss) on disposal of capital assets					3,051	3,051	-
Total general revenues, transfers, and special item					<u>6,910,487</u>	<u>6,910,487</u>	<u>1,434,061</u>
Change in net position					(2,619,210)	(2,619,210)	(965,853)
Net position, beginning, as previously stated					17,783,079	17,783,079	(2,744,093)
Prior period adjustment					(423,092)	(423,092)	(119,698)
Net position, beginning, as restated					<u>17,359,987</u>	<u>17,359,987</u>	<u>(2,863,791)</u>
Net position, ending					<u>14,740,777</u>	<u>14,740,777</u>	<u>(3,829,644)</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Student Activity Fund	Food Service Fund	Bond Redemption Fund	Capital Reserve Capital Projects Fund	Building Fund	Total Governmental Funds
ASSETS							
Assets:							
Cash and cash equivalents	4,194,833	17,020	163,497	3,153,545	128,403	-	7,657,298
Accounts, taxes, and interest receivable	297,343	-	27,118	72,211	-	-	396,672
Inventories	-	-	3,505	-	-	-	3,505
Due from other governments	202,085	-	-	16,730	-	-	218,815
Total assets	<u>4,694,261</u>	<u>17,020</u>	<u>194,120</u>	<u>3,242,486</u>	<u>128,403</u>	<u>-</u>	<u>8,276,290</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts and other current payables	42,163	-	-	-	-	-	42,163
Accrued compensation	413,630	-	-	-	-	-	413,630
Unearned revenue	-	-	2,581	-	-	-	2,581
Total liabilities	<u>455,793</u>	<u>-</u>	<u>2,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>458,374</u>
Fund balances:							
Non-spendable	-	-	3,505	-	-	-	3,505
Spendable:							
Restricted for emergencies	235,250	-	-	-	-	-	235,250
Restricted for debt service	-	-	-	3,242,486	-	-	3,242,486
Committed	-	17,020	188,034	-	-	-	205,054
Assigned for other purposes	-	-	-	-	128,403	-	128,403
Assigned for risk management	59,984	-	-	-	-	-	59,984
Unassigned:							
General Fund	3,943,234	-	-	-	-	-	3,943,234
Total fund balances	<u>4,238,468</u>	<u>17,020</u>	<u>191,539</u>	<u>3,242,486</u>	<u>128,403</u>	<u>-</u>	<u>7,817,916</u>
Total liabilities and fund balances	<u>4,694,261</u>	<u>17,020</u>	<u>194,120</u>	<u>3,242,486</u>	<u>128,403</u>	<u>-</u>	<u>8,276,290</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2018

Governmental Funds Total Fund Balance	7,817,916
Property taxes receivables collected 60 days after year-end are not available to pay for the current period's expenditures, and, therefore, are not reflected in the funds.	29,374
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	39,515,932
Less:	
Accumulated depreciation is not recognized in the governmental funds because capital assets used in governmental activities are not financial resources.	(5,998,573)
Accrued interest payable on long-term liabilities is recognized when due and, therefore, is not reported in the funds.	(35,824)
Changes in pension related actuarial assumptions, proportion of collective pension amounts, differences between actual and expected experience and investment earnings, and differences between actual and annualized contributions to the pension plan 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 post-employment health benefits related deferred outflows	30,544
Unamortized post-employment health benefits related deferred inflows	(7,604)
Unamortized Pension-related Deferred Outflows	5,992,537
Unamortized Pension-related Deferred Inflows	(901,772)
Long-term liabilities, including bonds payable, leases payable, compensated absences, and early retirement are not due and payable in the current period and, therefore, are not reported in the funds. The following liabilities are reported in the government-wide Statement of Net Position:	
Bonds payable	(11,159,815)
Leases payable	(52,711)
Compensated absences	(124,383)
Net pension liability	(19,910,451)
Post-employment health benefits liability	(454,393)
	14,740,777
Governmental Activities Net Position	14,740,777

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

PARK COUNTY SCHOOL DISTRICT RE-2
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General Fund	Student Activity Fund	Food Service Fund	Bond Redemption Fund	Capital Reserve Fund	Total Governmental Funds
REVENUES						
Taxes:						
Property taxes	2,993,670	-	-	1,138,890	-	4,132,560
Specific ownership taxes	745,303	-	-	-	-	745,303
State intergovernmental revenue	2,272,871	-	5,499	-	-	2,278,370
Federal intergovernmental revenue	278,613	-	165,079	-	-	443,692
Investment income	67,124	36	69	7,489	-	74,718
Other	411,486	51,223	82,997	-	2,392	548,098
Total revenues	<u>6,769,067</u>	<u>51,259</u>	<u>253,644</u>	<u>1,146,379</u>	<u>2,392</u>	<u>8,222,741</u>
EXPENDITURES						
Direct instruction	3,346,525	-	-	-	-	3,346,525
Indirect instruction	257,482	-	-	-	-	257,482
Transportation	208,112	-	-	-	-	208,112
Custodial and maintenance	542,717	-	-	-	-	542,717
Support services	326,093	-	-	-	-	326,093
General administration	770,435	-	-	-	-	770,435
Community service	950	-	-	-	-	950
Food service	-	-	338,792	-	-	338,792
Student activities	-	48,374	-	-	-	48,374
Debt service:						
Principal	-	-	-	716,883	25,214	742,097
Interest	-	-	-	443,692	2,330	446,022
Other	-	-	-	6,618	-	6,618
Capital outlay	-	-	-	-	32,977	32,977
Total expenditures	<u>5,452,314</u>	<u>48,374</u>	<u>338,792</u>	<u>1,167,193</u>	<u>60,521</u>	<u>7,067,194</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,316,753</u>	<u>2,885</u>	<u>(85,148)</u>	<u>(20,814)</u>	<u>(58,129)</u>	<u>1,155,547</u>
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	-	-	3,051	3,051
Transfers in (out)	(241,166)	10,500	110,666	-	120,000	-
Total other financing sources (uses)	<u>(241,166)</u>	<u>10,500</u>	<u>110,666</u>	<u>-</u>	<u>123,051</u>	<u>3,051</u>
NET CHANGE IN FUND BALANCES	1,075,587	13,385	25,518	(20,814)	64,922	1,158,598
FUND BALANCES, BEGINNING	<u>3,162,881</u>	<u>3,636</u>	<u>166,020</u>	<u>3,263,300</u>	<u>63,481</u>	<u>6,659,318</u>
FUND BALANCES, ENDING	<u><u>4,238,468</u></u>	<u><u>17,021</u></u>	<u><u>191,538</u></u>	<u><u>3,242,486</u></u>	<u><u>128,403</u></u>	<u><u>7,817,916</u></u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Reconciliation of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
June 30, 2018

Governmental Funds Change in Fund Balances	1,158,598
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 outlay reported as expenditures in the governmental funds.	15,378
Retirement of principal outstanding on the District's debt, including capital leases, is a reduction of accumulated resources on the fund financial statements. The government-wide statements show these as reductions against long-term liabilities.	742,097
Accrued compensated absences 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.	13,551
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due. In the Statement of Activities, however, interest is recognized as it accrues, regardless of when it is due. Deferred refunding costs and discounts on bonds are reported in governmental funds as other financing uses. However, in the Statement of Activities, these amounts are amortized and are included with interest expense. This amount represents the change in the interest accrual and the amortization of deferred refunding costs and bond discounts.	2,300
The District is paying off its obligation for early retirement to past employees. This represents the change in the liability for early retirement.	5,572
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 for the year.	(1,025,190)
Difference between employer contributions to pension plan and changes in pension liability and amortization of pension-related deferrals.	(3,523,154)
Changes in the District's net post-employment health benefits obligation 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 District's net post-employment health benefits obligation during the year, including differences between District contributions to the plan and amortization of post-employment health benefits related deferrals.	<u>(8,362)</u>
Governmental Activities Change in Net Position	<u><u>(2,619,210)</u></u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2018

	Scholarship Fund	Student Activity Fund	Total
ASSETS			
Cash and cash equivalents	4,994	111,890	116,884
Total assets	4,994	111,890	116,884
LIABILITIES			
Due to student activities and other organizations	4,994	111,890	116,884

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

PARK COUNTY SCHOOL DISTRICT RE-2
Combining Statement of Net Position
Discretely Presented Component Units
June 30, 2018

	Guffey Charter School	Lake George Charter School	Total
Assets:			
Cash and cash equivalents	346,441	481,835	828,276
Accounts, taxes, and interest receivable	-	7,374	7,374
Capital assets	50,414	150,000	200,414
Total Assets	396,855	639,209	1,036,064
Deferred Outflows:			
Pension related deferred outflow	409,857	1,355,449	1,765,306
Post-employment health benefits related deferred outflow	1,221	9,677	10,898
Total Deferred Outflows	411,078	1,365,126	1,776,204
Current Liabilities			
Accounts payable	5,100	16,390	21,490
Accrued compensation	67,190	94,441	161,631
Total Current Liabilities	72,290	110,831	183,121
Noncurrent Liabilities:			
Net pension liability	1,420,306	4,571,451	5,991,757
Post-employment health benefits (OPEB)	32,434	104,392	136,826
Total Noncurrent Liabilities	1,452,740	4,675,843	6,128,583
Deferred Inflows:			
Pension related deferred inflows	83,052	244,632	327,684
Post-employment health benefits related deferred inflow	778	1,746	2,524
Total Deferred Inflows	83,830	246,378	330,208
Net Position:			
Invested in Capital Assets	50,414	150,000	200,414
Restricted for:			
TABOR	15,000	47,212	62,212
HRA	269,715	-	269,715
Capital reserve	-	93,200	93,200
Unrestricted	(1,136,056)	(3,319,129)	(4,455,185)
Total Net Position	(800,927)	(3,028,717)	(3,829,644)
Total liabilities and net position	807,933	2,004,335	2,812,268

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

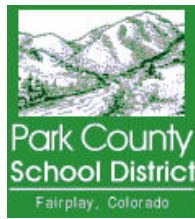
PARK COUNTY SCHOOL DISTRICT RE-2
Combining Statement of Activities
Discretely Presented Component Units
June 30, 2018

	Guffey Charter School	Lake George Charter School	Total
REVENUES			
Property taxes, levied for general purposes	280,417	1,108,952	1,389,369
Grants and contributions not restricted to specific program	33,431	408	33,839
Charges for services	1,128	49,092	50,220
Operating grants	76,415	199,702	276,117
Capital grants	3,015	12,185	15,200
Interest and investment earnings	4,143	6,710	10,853
Total revenues	<u>398,549</u>	<u>1,377,049</u>	<u>1,775,598</u>
EXPENDITURES			
Current:			
Direct instruction	451,574	1,213,801	1,665,375
Indirect instruction	660	-	660
Transportation	2,367	663	3,030
Custodial and maintenance	36,109	317,259	353,368
Support services	841	29,257	30,098
General administration	150,030	370,087	520,117
Community services	19	250	269
Food service	5,936	162,598	168,534
Total expenditures	<u>647,536</u>	<u>2,093,915</u>	<u>2,741,451</u>
CHANGE IN NET POSITION	<u>(248,987)</u>	<u>(716,866)</u>	<u>(965,853)</u>
NET POSITION, BEGINNING, AS PREVIOUSLY STATED	(528,315)	(2,215,778)	(2,744,093)
Prior period adjustment	(23,625)	(96,073)	(119,698)
NET POSITION, BEGINNING, AS RESTATED	<u>(551,940)</u>	<u>(2,311,851)</u>	<u>(2,863,791)</u>
NET POSITION, ENDING	<u>(800,927)</u>	<u>(3,028,717)</u>	<u>(3,829,644)</u>

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

Park County School District RE-2

Notes to the Financial Statements



High Altitude, High Attitude, High Achievement

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018

I. Summary of Significant Accounting Policies

The Park County School District RE-2 (the "District") is located within Park County, Colorado. The District provides services to approximately 731 students. This includes students at the District's two charter schools, Guffey Charter School and Lake George Charter School. The District's mission is to *"strive to provide a safe environment, meaningful opportunities and innovative educational programs for all students so that they reach their learning potential, including that they meet or exceed state and District content standards, through partnership between home, school and the community"*. The District operates the following schools:

Elementary Schools

Edith Teter Elementary School
Guffey Charter School
Lake George Charter School

Middle Schools

South Park Middle School

High School

South Park High

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 and used by the District are discussed below.

A. Reporting Entity

The District was formed under the laws of the State of Colorado and operates under an elected Board of Education. 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 to be financially accountable.

Component Units - Charter Schools

On June 3, 1993, the Colorado State Legislature passed a statute, known as the Charter School Act (the "Act"), allowing the creation of public, non-sectarian, non-religious, non-home-based schools to operate within a public school district. The schools, known as charter schools, allow for groups of parents, teachers, and community members to operate a school in a semi-autonomous environment. Under the Act, charter schools operate according to an approved charter application that serves as a contract between the charter school and the District's Board.

In 1995 the District approved a charter application through a resolution, allowing for the creation of the Lake George / Guffey Charter School. The charter contract was later amended to separate the schools into the Lake George Charter School and the Guffey Charter School.

Lake George and Guffey Charter Schools are included in the District's reporting entity because of the nature and significance of their operational and financial relationships with the District. Both schools have been consolidated and are discretely presented component units to the District.

Individual financial statements can be obtained from: Guffey Community Charter School, 1459 Main St., Guffey CO 80820 and Lake George Charter School, P.O. Box 420, Lake George, CO 80827.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. District-wide and Fund Financial Statements

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

1. District-wide Financial Statements

In the District-wide Statement of Net Position, the governmental activities and component unit 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 – net investment in capital assets; restricted net position; and unrestricted net position.

The District-wide Statement of Activities reports the gross and net cost of the District's functions. The functions are also supported by general governmental revenues (property taxes, intergovernmental revenue, 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 revenue (property taxes, interest income, etc.).

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, including fiduciary funds. 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 *Insurance Reserve Fund* accounts for insurance programs maintained by the District. This fund has been consolidated and reported within the District's General Fund.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements (continued)

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. One or more specific restricted or committed revenue should be the foundation for the fund. The District reports the following special major revenue funds:

The *Student Activity Fund* accounts for the revenues and expenditures of funds used in student sports, clubs, and extracurricular activities. The primary source of funding is fees related to participation in the particular revenue.

The *Food Service Fund* accounts for the activities of the District's school lunch programs.

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. The District reports the following capital projects funds:

The *Capital Reserve Fund* accounts for acquisitions of capital items.

The *Bond Redemption Fund* accounts for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

The District reports the following fiduciary funds:

The *Scholarship Fund* accounts for assets held by the District as an agent for student scholarships.

The *Student 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.

Park County School District RE-2
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)

1. Long-term Economic Focus and Accrual Basis

Governmental in the government-wide financial statements and fiduciary 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 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.

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 and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

2. Investments

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

2. Investments (continued)

The District's investment policy permits investments in the following type of obligations which corresponds with state statutes:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

3. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by 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 on the fund financial statements.

5. Inventories

Inventories recorded in the *Food Services 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.

6. Interfund Receivables and Payables

Balances at year-end between funds are reported as "due from / due to other funds" in the fund financial statements. Any residual balances not eliminated between the governmental and business-type activities are reported as "internal balances" in the district-wide financial statements.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

7. 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.

8. Defined Benefit Other Post Employment Benefit (OPEB) Plan

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

9. 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 of resources (expense/expenditures) until then. The District has two items that qualify for reporting under this category on the Statement of Net Position. The two items are the collective deferred outflows of resources related to the District's net pension obligation and other post-employment benefit obligations ("OPEB"). Pension and OPEB contributions made after the measurement date, and the net difference between projected and actual earnings will be recognized as a reduction of the net pension or OPEB liability in future periods.

Deferred inflows of resources represent an acquisition of net position that apply 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. Deferred revenue reported in the governmental balance sheet is deferred and recognized as an inflow of resources in the period that the amounts become available. Collective deferred inflows related to the District's net pension obligation and other post-employment benefits obligations are reported on the Statement of Net Position and are amortized over the average service lives of participants. See Note III (G) below for discussion on pension related deferred outflows and inflows.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

10. Capital Assets

Capital assets, which include buildings and improvements, equipment, and vehicles, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements and in the proprietary fund 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. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed in the business-type activities and proprietary fund financial statements.

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	15 - 40
Equipment	3 - 7
Vehicles	3 - 10

11. Compensated Absences and Early Retirement

Earned but unused sick and personal leave and early retirement benefits are accrued when incurred in the government-wide financial statements.

12. Interfund Transactions

Quasi-external transactions 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 expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

13. Fund Equity

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 the 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 with 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. For further details of the various fund balances classifications refer to Note IV.H.

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.

2. Restricted and Unrestricted Resources

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

3. Subsequent Events

Management has evaluated subsequent events through October 17, 2018; the date that these financial statements were available to be issued.

II. Reconciliation of District-wide and Fund Financial Statements

The governmental fund Balance Sheet includes reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the District-wide Statement of Net Position. Additionally, the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes reconciliation between *net change in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the District-wide Statement of Activities.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles. 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 2018.

1. The proposed budget was submitted to the Board of Education by May 31 of the year proceeding 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.

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

	Original Budget	Final Budget	Change
General Fund	\$ 6,273,038	6,479,846	\$ 206,808

B. 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 revenues 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 bonded 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. The reserve is calculated at 3% of fiscal year spending. The District has reserved \$235,250 of its June 30, 2018 year-end General Fund balance for emergencies as required under TABOR.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

III. Stewardship, Compliance, and Accountability

B. TABOR Amendment (continued)

On November 3, 1998, the District’s electorate approved to: *“allow the District to collect, keep, and expend revenue from any sources received without regard to any spending, revenue raising, or other limitation on 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 TABOR Amendment is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

C. Mill Levy Override

In 2004 the District’s electorate approved an additional mill levy to increase property taxes by \$207,000 annually for the following purposes:

- Maintaining optimal teacher / pupil ratios
- Developing and improving curricula
- Attracting, training and retaining quality staff

This revenue is shown on the financial statements as property tax revenue.

IV. 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. Deposit balances for accounts over \$250,000 are collateralized as required by PDPA. The carrying amount of the District’s demand deposits was \$1,041,612 at year end.

Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

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

Investments Measured at Net Asset Value	Total
Colostrust	\$ 3,579,025

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments

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

<u>Type:</u>	<u>Rating</u>	<u>Carrying Amount</u>	<u>Maturities</u>	
			<u>Less Than One Year</u>	<u>Less Than Five Years</u>
<i>Deposits:</i>				
Checking Accounts		\$ 341,927	341,927	-
Savings Accounts		699,685	699,685	-
<i>Investments:</i>				
Investment Pool	AAAm	3,579,025	3,579,025	-
Cash with Fiscal Agent	Not Rated	3,153,545	3,153,545	-
		<u>\$ 7,774,182</u>	<u>7,774,182</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 specifies 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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables

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

	General Fund	Capital Reserve Fund	Food Service Fund	Student Activity Fund	Bond Redemption Fund	Total Governmental Funds
Receivables:						
Taxes	\$ 278,908	-	-	-	72,211	351,1
Accounts	25,809	-	27,118	-	-	52,9
Intergovernmental	202,085	-	-	-	16,730	218,8
Gross receivables	506,802	-	27,118	-	88,941	622,8
Less: allowance for uncollectible	-	-	-	-	-	
Net Receivables	\$ 506,802	-	27,118	-	88,941	622,8

Governmental funds report property tax receivable for property taxes levied in fiscal year 2018 but not available until 2019.

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, being depreciated:				
Buildings and improvements	38,406,940	-	-	38,406,940
Vehicles	947,006	-	(53,800)	893,206
Equipment	200,408	15,378	-	215,786
Total capital assets being depreciated	39,554,354	15,378	(53,800)	39,515,932
Total capital assets - Cost	39,554,354	15,378	(53,800)	39,515,932
Less: accumulated depreciation for:				
Buildings and improvements	(4,020,146)	(961,221)	-	(4,981,367)
Vehicles	(838,357)	(53,936)	53,800	(838,493)
Equipment	(168,680)	(10,033)	-	(178,713)
Total accumulated depreciation	(5,027,183)	(1,025,190)	53,800	(5,998,573)
Governmental activities capital assets, net	\$ 34,527,171	(1,009,812)	-	33,517,359

The District had \$854,136 of fully depreciated capital assets still in service at June 30, 2018.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

The District had the following capital outlay and depreciation expense for the following functions and business-type activities:

	<u>Capital Outlay</u>	<u>Depreciation Expense</u>
Governmental activities:		
Direct instruction	\$ -	961,221
Indirect instruction	-	7,865
Transportation	-	46,071
General administration	15,378	10,033
Total governmental activities	<u>\$ 15,378</u>	<u>1,025,190</u>

D. Interfund Receivables, Payables, and Transfers

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. Transfers for fiscal year 2018 were as follows:

	<u>Transfer In</u>	<u>Transfer (out)</u>	<u>Reason</u>
General Fund	\$ -	(241,166)	Provide funding
Student Activity Fund	10,500	-	Additional funding
Capital Reserve Fund	120,000	-	Additional funding
Food Service Fund	110,666	-	Transfer of food service salaries
	<u>\$ 241,166</u>	<u>(241,166)</u>	

E. Operating Leases

The District is committed under various leases for office equipment. These leases are considered, for accounting purposes, to be operating leases, and therefore, the liability and the related assets have not been recorded in these financial statements. All operating leases are annually appropriable.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt

1. General Obligation Bonds, Series 2010

On November 3rd, 2009 the District's electorate approved an increase in District General Obligation Debt of \$16,000,000 with a commensurate increase in property taxes of \$1,470,000 annually for the replacement of the District's Elementary School, Middle School, High School, and Lake George Charter building along with various other District facilities. Approval was contingent upon an award of a Building Excellent Schools Today ("BEST") grant by the Colorado Department of Education. As a result of the ballot question being approved, the following transactions occurred:

- i. On February 24, 2010 approved a resolution authorizing the District to enter into a "site lease" whereby the District's school property was leased to Zion's First National Bank solely in its capacity as Trustee. The Term expires on March 16, 2050 or completion of several other events. The Site Lease does not require any ongoing rent payments.
- ii. On March 16, 2010 the District issued a General Obligation Bond, Series 2010 for \$15,060,382. The proceeds were provided to the State of Colorado and matched with grant proceeds of \$15,060,382 for construction of school facilities on the "site lease" (see Note V.G.1, below). The bond includes payments on June 1st and March 1st totaling \$1,102,881 annually. The final maturity date for the bond shall be December 1, 2029. The bond carries an interest rate of 3.84% and is subject to optional redemption in whole on June 1, 2021 with a redemption premium of 3%.
- iii. On March 16, 2010, Zion's Bank in its capacity as Trustee signed an agreement to lease to the State of Colorado the site property along with any improvements on the property.
- iv. On March 16, 2010, the District entered into a sublease with the State of Colorado for the site property. The sublease requires the District to provide the proceeds of its General Obligation Bond, Series 2010 as base rent. The agreement also requires the District to complete construction of the District's buildings in accordance with agreed upon specifications. The construction is paid from State funds including the District's General Obligation Bond Series 2010.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

1. General Obligation Bonds, Series 2010 (continued)

On December 16, 2010 the Lake George Charter School participated in the BEST Program as detailed in the previous note. As a result, the Series 2010D-F Bonds were issued for \$939,550. The bonds carry a coupon interest rate of 4.082% and require annual principal payments on December 1 and semiannual interest payments on June 1 and December 1. The bonds mature on December 1, 2030.

2. 2011 Capital Lease Agreement

The District entered into a lease purchase agreement in 2011 for the purpose of acquiring a school bus. The original amount of the lease was \$102,900 at an interest rate of 3.49%. The lease requires quarterly payments of \$5,629. The lease is subject to the District's annual appropriation of funds to pay the annual lease payments. The lease terminated when the last payment was made on August 19, 2016.

Capital lease obligations are liquidated by the Capital Reserve Fund.

3. 2015 Capital Lease Agreement

The District entered into a lease purchase agreement in 2015 for the purpose of acquiring a school bus. The original amount of the lease was \$127,425 at an interest rate of 2.97%. The lease requires annual payments of \$27,543.75. The lease is subject to the District's annual appropriation of funds to pay the annual lease payments and terminates when the last payment is made, anticipated to be July 15, 2019.

Capital lease obligations are liquidated by the Capital Reserve Fund.

4. Schedule of Future Debt Payments

The District's future annual debt service requirements are as follows:

Fiscal Year Ending:	Principal	Interest	Total
2019	\$ 770,453	417,133	1,187,586
2020	799,896	387,138	1,187,034
2021	802,923	355,995	1,158,918
2022	833,840	324,482	1,158,322
2023	865,948	291,756	1,157,704
2024-2028	4,856,348	922,031	5,778,379
2029-2033	2,283,118	91,688	2,374,806
Totals	\$ 11,212,526	2,790,223	14,002,749

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

5. Compensated Absences and Early Retirement

The District has a policy for the accumulation of sick and personal leave payouts. This policy is subject to certain limits, which are established by the Board, and are based on the employee's length of service with the District.

After the completion of twenty-four years of full-time service (but prior to twenty-seven years), twenty years of which must be consecutive, employees are eligible to retire and receive 125% of their highest annual salary over the five-year period subsequent to retirement.

The estimated liability for compensated absences and early retirement for all employees is recorded in governmental activities in the Statement of Net Position. These liabilities for governmental activities are generally liquidated by the General Fund.

6. Line of Credit

The District entered into a credit arrangement (the "Credit Agreement") with TBK Bank in October 2017 with a maturity date of October 31, 2018.

The Credit Agreement provided for a line of credit not to exceed \$500,000. Amounts drawn on the line of credit bear interest at 4.4%. The Credit Agreement is secured by the assignment of District taxes. During 2018, the District made aggregate draws of \$0 against the line of credit and repaid \$0 pursuant to the terms of the credit agreement. No principal balance was outstanding on the line of credit as of June 30, 2018.

7. Changes in Long-term Debt

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

	Balance July 1, 2017	Additions	(Reductions)	Balance June 30, 2018	Due in one Year
Governmental Activities:					
General obligation bonds	\$ 11,876,698	-	(716,883)	11,159,815	744,486
Capital leases	77,925	-	(25,214)	52,711	25,967
Compensated absences	143,506	561	(19,684)	124,383	-
Net pension liability	17,696,462	2,213,989	-	19,910,451	-
Net OPEB Liability	-	454,393	-	454,393	-
Total	<u>29,794,591</u>	<u>2,668,943</u>	<u>(761,781)</u>	<u>31,701,753</u>	<u>770,453</u>

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

8. Defeased Debt

At various dates in prior years, the District placed proceeds from refunding bond issues and District cash contributions in irrevocable refunding escrow accounts. These monies, which are invested in U.S. Treasury obligations, together with interest earned thereon, are considered sufficient for payment of all principal and interest on refunded bonds on each remaining payment date. The likelihood of the earnings and principal maturities of the U.S. Treasury obligations not being sufficient to pay the refunded bond issue appears remote. Accordingly, the escrow account and refunded bond are not included in the District's financial statements. The District has not calculated the amount of defeased debt at June 30, 2018.

9. Trust Agreement

Colorado State Statutes require that all property taxes levied for the purpose of satisfying bonded indebtedness 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 American National Bank in order to meet this requirement.

IV. Detailed Notes on All Funds (continued)

G. 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 \$19,910,451 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 0.0616%, as compared to its proportion of 0.0594% measured as of December 31, 2016.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Detailed Notes on All Funds (continued)

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

For the year ended June 30, 2018, the District recognized pension expense of \$4,099,609. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	366,069	-
Changes of assumptions or other inputs	5,083,878	32,261
Net difference between projected and actual earnings on pension plan investments	-	781,902
Changes in proportionate share of contributions	281,020	87,609
Difference between actual and reported contributions recognized	958	-
Contributions subsequent to the measurement date	260,612	-
Total	<u>\$ 5,992,537</u>	<u>\$ 901,772</u>

Contributions subsequent to the measurement date of December 31, 2017, which are reported as deferred outflows of resources related to pensions, 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:

<u>Year Ended</u>	<u>Amortization</u>
<u>June 30,</u>	
2019	3,170,980
2020	1,887,525
2021	65,803
2022	(294,155)
	<u>\$ 4,830,153</u>

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

Actuarial cost method	Entry age
Price inflation	2.40%
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%
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00%
PERA Benefit Structure hired prior after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

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

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

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

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

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

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

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

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

	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	\$ 25,150,285	\$ 19,910,451	\$ 15,640,584

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

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

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

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Detailed Notes on All Funds (continued)

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

- 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 \$19,910,451 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 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%	8,995,369

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 \$9,294,323 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources

At June 30, 2018, the District reported a liability for Other Post-Employment Benefits (“OPEB”) of the Health Care Trust Fund (“HCTF”) of \$454,393 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, 2016. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2017. The District’s proportion of the net OPEB liability was based on District 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 0.0338% as compared to its proportion of 0.0350% measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized other post-employment benefit expense of \$8,361. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expenses and actual experience	2,149	-
Net difference between projected and actual earnings on plan investments	-	7,604
Changes in proportionate share of contributions	12,785	-
Contributions subsequent to measurement date	15,610	-
	30,544	7,604

Contributions subsequent to the measurement date of December 31, 2017, which are reported as deferred outflows of resources related to other post-employment benefits, will be recognized as a reduction of the net other post-employment benefits 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,	Amortization
2019	1,033
2020	1,033
2021	1,033
2022	1,034
2023	3,160
Thereafter	37
	7,330

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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

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

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

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

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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (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:

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

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

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

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

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

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

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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

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

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

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

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

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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
U.S. Equity - Large Cap	21.20%	4.30%
U.S Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Bonds	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
PERA Care Medicare Trent Rate	4.00%	5.00%	6.00%
Initial Medicare Part A Trend Rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A Trend	3.25%	4.25%	5.25%
Collective Net OPEB Liability	1,263,843,000	1,299,600,000	1,342,667,000
Proportionate Share of Net OPEB Liability	441,891	454,393	469,451

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Collective Net OPEB Liability	1,461,159,000	1,299,600,000	1,161,705,000
Proportionate Share of Net OPEB Liability	510,881	454,393	406,179

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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

IV. Detailed Notes on All Funds (continued)

I. Fund Balance Disclosure

The District classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts inherently non-spendable since they represent inventories, prepaid items, long-term portions of loans receivable, etc.

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. At June 30, 2018, the District reported \$235,250 of restricted equity for emergencies as required by TABOR and \$3,242,486 has been restricted for the payment of general obligation debt.

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 School Board of the District. The District's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the District's platform to review, and/or make changes to each department's budget. The budget is formally presented to the School Board of the District via an advertised public process for their review, revisions and final approval by year-end. All subsequent budget requests made during the year, after School Board approval, must be presented via a public process and again approved by the School Board of the District.

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 School Board of the District, or its management designees.

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 or contracts that prohibit this, such as grant agreements that require dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts when expenditures are made. The District does not have an adopted minimum fund balance policy; however, the District's budget includes calculations of targeted reserve positions, which is reported annually to the School Board of the District.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

V. Other Information

A. Defined Benefit Pension Plan

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

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

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

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

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

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

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

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

V. Other Information (continued)

A. Defined Benefit Pension Plan (continued)

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

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

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

Contributions. Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below with rates expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42):

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

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 \$565,550 for the year ended June 30, 2018.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

V. Other Information (continued)

B. Post Employment HealthCare Benefits

Plan Description – The District contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and 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 health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

V. Other Information (continued)

B. Postemployment Healthcare Benefits (continued)

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

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from District were \$30,546 for the year ended June 30, 2018.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

V. Other Information (continued)

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 for the Plan. 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 year ended June 30, 2018, 2017 and 2016.

D. Contingencies

1. General Legal Matters

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 on 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. Management does not feel that any potential adjustments would be material and that they would affect the fairness of presentation of the financial statements at June 30, 2018.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2018
(Continued)

V. Other Information (continued)

E. Jointly Governed Organization - BOCES

The District, together with nine other school districts, 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. 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 the Board of Education of each participating district. Each district has equal voting rights in the decisions of the 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	\$ 10,374,816
Liabilities	<u>(15,364,633)</u>
Net Position	<u>\$ (4,989,817)</u>
Expenses	\$ (11,469,387)
Program Revenues	9,411,946
General Revenues	<u>122,440</u>
Change in Net Position	<u>(1,935,001)</u>
Net Position - Beginning	(2,942,250)
Prior period restatement	<u>(112,566)</u>
Net Position - Beginning	<u>(3,054,816)</u>
Net Position - Ending	<u>\$ (4,989,817)</u>

For the years ended June 30, 2018 and 2017, the District made operating contributions of \$75,373 and \$60,168, respectively, to BOCES.

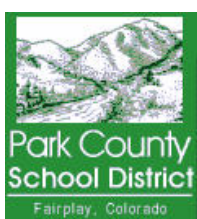
F. Risk Management

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.

G. 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 outflows of resources and deferred inflows of resources 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 \$423,092 which was the net amount of the District's long-term obligation of \$438,024 and deferred outflows of resources of \$14,934 related to OPEB benefits at June 30, 2017.

Park County School District RE-2
Required Supplementary Information



High Altitude, High Attitude, High Achievement

Park County School District RE-2
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended June 30, 2018
(With Comparative Actual Amounts For the Year Ended June 30, 2017)

	2018			2017	
	Original Budget	Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	Actual Amounts
REVENUES					
Taxes:					
Property taxes	3,090,951	2,973,160	2,993,670	20,510	3,117,815
Specific ownership taxes	625,000	625,000	745,303	120,303	730,237
State intergovernmental revenue	1,886,068	2,050,153	2,272,871	222,718	1,577,404
Federal intergovernmental revenue	280,731	293,322	278,613	(14,709)	268,497
Investment income	15,004	40,004	67,125	27,121	25,805
Other	295,284	357,835	411,486	53,651	212,471
Total revenues	<u>6,193,038</u>	<u>6,339,474</u>	<u>6,769,068</u>	<u>429,594</u>	<u>5,932,229</u>
EXPENDITURES					
Direct instruction	3,535,571	3,694,501	3,346,525	347,976	3,444,406
Indirect instruction	282,991	309,391	257,482	51,909	216,871
Transportation	228,857	228,857	208,112	20,745	213,212
Custodial and maintenance	595,400	661,596	542,717	118,879	479,896
Support services	556,321	556,321	326,093	230,228	302,462
General administration	725,468	728,856	770,435	(41,579)	666,812
Community service	2,126	2,126	950	1,176	1,348
Capital outlay	-	-	-	-	37,631
Contingency	215,804	167,698	-	167,698	-
Total expenditures	<u>6,142,538</u>	<u>6,349,346</u>	<u>5,452,314</u>	<u>897,032</u>	<u>5,362,638</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>50,500</u>	<u>(9,872)</u>	<u>1,316,754</u>	<u>1,326,626</u>	<u>569,591</u>
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	<u>(130,500)</u>	<u>(130,500)</u>	<u>(241,166)</u>	<u>(110,666)</u>	<u>(253,629)</u>
Total other financing sources (uses)	<u>(130,500)</u>	<u>(130,500)</u>	<u>(241,166)</u>	<u>(110,666)</u>	<u>(253,629)</u>
NET CHANGE IN FUND BALANCES	<u>(80,000)</u>	<u>(140,372)</u>	<u>1,075,588</u>	<u>1,215,960</u>	<u>315,962</u>
FUNDS BALANCES, BEGINNING			<u>3,162,880</u>		<u>2,846,918</u>
FUND BALANCES, ENDING			<u>4,238,468</u>		<u>3,162,880</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
Student Activity Fund
For the Year Ended June 30, 2018
(With Comparative Actual Amounts For the Year Ended June 30, 2017)

	2018		Final Budget Variance Positive (Negative)	2017
	Original and Final Budget	Actual Amounts		Actual Amounts
REVENUES				
Interest income	65	36	(29)	-
Other	77,000	51,223	(25,777)	12,943
Total revenues	<u>77,065</u>	<u>51,259</u>	<u>(25,806)</u>	<u>12,943</u>
EXPENDITURES				
Current:				
Student activities	88,566	48,374	40,192	46,102
Total expenditures	<u>88,566</u>	<u>48,374</u>	<u>40,192</u>	<u>46,102</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(11,501)</u>	<u>2,885</u>	<u>14,386</u>	<u>(33,159)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	10,500	10,500	-	10,500
Total other financing sources (uses)	<u>10,500</u>	<u>10,500</u>	<u>-</u>	<u>10,500</u>
NET CHANGE IN FUND BALANCES	<u>(1,001)</u>	13,385	<u>14,386</u>	(22,659)
FUND BALANCES, BEGINNING		<u>3,635</u>		<u>26,294</u>
FUND BALANCES, ENDING		<u>17,020</u>		<u>3,635</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures and Changes in Net
Position - Budget and Actual (GAAP Basis)
Food Service Fund
For the Year Ended June 30, 2018
(With Comparative Actual Amounts For the Year Ended June 30, 2017)

	2018		Final Budget Variance Positive (Negative)	2017
	Original and Final Budget	Actual Amounts		Actual Amounts
REVENUES				
Food and Ala carte sales	75,000	69,231	(5,769)	63,702
Federal aid:				
USDA Commodity contribution	60,000	165,079	105,079	82,589
State reimbursement	7,900	5,499	(2,401)	3,699
Transfers in	122,000	110,666	(11,334)	121,529
Interest income	150	69	(81)	45
Capital contributions	10,500	13,766	3,266	13,000
Total revenues	<u>275,550</u>	<u>364,310</u>	<u>88,760</u>	<u>284,564</u>
EXPENDITURES				
Salaries and employee benefits	143,725	153,407	(9,682)	121,529
Purchased services	1,040	2,372	(1,332)	1,611
Supplies	12,500	10,954	1,546	11,456
Food costs:				
Purchased food	119,000	130,246	(11,246)	110,638
Donated commodities	9,500	10,878	(1,378)	12,260
Property	59,500	30,935	28,565	8,801
Contingency	98,056	-	98,056	-
Total expenditures	<u>443,321</u>	<u>338,792</u>	<u>104,529</u>	<u>266,295</u>
CHANGE IN NET POSITION	<u>(167,771)</u>	25,518	<u>193,289</u>	18,269
NET POSITION, BEGINNING		<u>166,021</u>		<u>147,752</u>
NET POSITION, ENDING		<u>191,539</u>		<u>166,021</u>

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

Park County School District RE-2
Schedule of Employer'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	0.0616%	0.0594%	0.0600%	0.6250%	0.6250%
District's proportionate share of the net pension liability	19,910,452	17,696,463	9,180,472	8,466,029	8,481,733
District's covered payroll	\$ 2,838,546	\$ 2,945,032	\$ 2,902,338	\$ 2,662,350	\$ 2,739,281
District's proportionate share of the net pension liability as a percentage of its covered payroll	701.4%	600.9%	316.31%	317.99%	309.63%
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%	59.16%	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.

**Park County School District RE-2
Schedule of District 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	\$ 565,550	\$ 483,637	\$ 453,335	\$ 429,942	\$ 416,316
Contributions in relation to the contractually required contribution	<u>\$ (565,550)</u>	<u>\$ (483,637)</u>	<u>\$ (453,335)</u>	<u>\$ (429,942)</u>	<u>\$ (416,316)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,994,620	\$ 2,945,032	\$ 2,902,338	\$ 2,662,350	\$ 2,739,281
Contributions as a percentage of covered payroll	18.89%	16.42%	15.62%	16.15%	15.20%

* Information is only available beginning in fiscal year 2014.

Park County School District RE-2
Schedule of District's Proportionate Share of the Net OPEB 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	0.0350%	0.0338%
District's proportionate share of the net OPEB liability	454,393	438,024
District's covered-employee payroll	2,838,546	2,945,032
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	16.0%	14.9%
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 fiscal year. Information is only available beginning in fiscal year 2017.

The accompanying notes to RSI are an integral part of these statements.

Park County School District RE-2
Schedule of District OPEB Contributions
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

	2018	2017
Contractually required contribution	30,546	27,439
Contributions in relation to the contractually required contribution	(30,546)	(27,439)
Contribution deficiency (excess)	-	-
District's covered-employee payroll	2,994,620	2,945,032
Contributions as a percentage of covered-employee payroll	1.02%	0.93%

* Information is only available beginning in fiscal year 2017.

The accompanying notes to RSI are an integral part of these statements.

Park County School District RE-2
Notes to the Required Supplementary Information
June 30, 2018
(continued)

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

A. Changes to assumptions or other inputs

1. Changes Since the December 31, 2016 Actuarial Valuation are as Follows:

- 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 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 single equivalent interest rate (the "SEIR") for the SCHDTF 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 fiduciary net position (the "FNP"), and the resulting application of the municipal bond index rate

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.

Park County School District RE-2
Notes to the Required Supplementary Information
June 30, 2018
(continued)

I. Schedule of the 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 (continued):

- 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 above.

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

No changes during the years presented above.

II. Notes to the Schedule of District Pension Contributions

A. Changes to assumptions or other inputs

No changes during the years presented above.

B. Changes of benefit terms

No changes during the years presented above.

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

No changes during the years presented above.

III. Schedule of the District's Proportionate Share of the OPEB 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.

Park County School District RE-2
Notes to Required Supplementary Information
June 30, 2018

IV. Notes to the Schedule of District OPEB Contributions

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms.

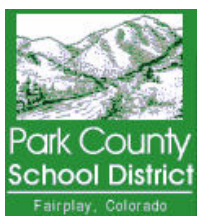
No changes during the years presented.

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

No changes during the years presented.

Park County School District RE-2

Supplementary Information



High Altitude, High Attitude, High Achievement

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
Bond Redemption Fund
For the Year Ended June 30, 2018
(With Comparative Actual Amounts For the Year Ended June 30, 2017)

	<u>2018</u>		<u>Final Budget Variance Positive (Negative)</u>	<u>2017</u>
	<u>Original and Final Budget</u>	<u>Actual Amounts</u>		<u>Actual Amounts</u>
REVENUES				
Taxes:				
Property taxes	1,247,120	1,138,890	(108,230)	1,262,450
Interest Income	-	7,489	7,489	2,343
Total revenues	<u>1,247,120</u>	<u>1,146,379</u>	<u>(100,741)</u>	<u>1,264,793</u>
EXPENDITURES				
Debt service:				
Principal	1,449,531	716,883	732,648	690,303
Interest	447,864	443,692	4,172	470,784
Fiscal charges	7,000	6,618	382	2,296
Contingency	1,248,264	-	1,248,264	-
Total expenditures	<u>3,152,659</u>	<u>1,167,193</u>	<u>1,985,466</u>	<u>1,163,383</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,905,539)</u>	<u>(20,814)</u>	<u>1,884,725</u>	<u>101,410</u>
NET CHANGE IN FUND BALANCES	<u>(1,905,539)</u>	<u>(20,814)</u>	<u>1,884,725</u>	<u>101,410</u>
FUND BALANCES, BEGINNING		<u>3,263,300</u>		<u>3,161,890</u>
FUND BALANCES, ENDING		<u><u>3,242,486</u></u>		<u><u>3,263,300</u></u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
Capital Reserve Fund
For the Year Ended June 30, 2018
(With Comparative Actual Amounts For the Year Ended June 30, 2017)

	2018			2017
	Original and Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	Actual Amounts
REVENUES				
Other local income	6	2,392	2,386	1,984
Total revenues	<u>6</u>	<u>2,392</u>	<u>2,386</u>	<u>1,984</u>
EXPENDITURES				
Land Improvements	1,800	1,800	-	1,800
Equipment	35,000	23,903	11,097	26,469
Vehicles	-	-	-	25,800
Furniture and fixtures	2,500	-	2,500	50
Technology equipment	39,880	7,274	32,606	10,649
Other equipment and services	11,000	-	11,000	-
Principal retirement	25,214	25,214	-	30,062
Interest and fiscal charges	786	2,330	(1,544)	3,111
Contingency	18,826	-	18,826	-
Total expenditures	<u>135,006</u>	<u>60,521</u>	<u>74,485</u>	<u>97,941</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(135,000)</u>	<u>(58,129)</u>	<u>76,871</u>	<u>(95,957)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	3,051	3,051	-
Transfers in (out)	120,000	120,000	-	121,600
Total other financing sources (uses)	<u>120,000</u>	<u>123,051</u>	<u>3,051</u>	<u>121,600</u>
NET CHANGE IN FUND BALANCES	<u>(15,000)</u>	<u>64,922</u>	<u>79,922</u>	<u>25,643</u>
FUND BALANCES, BEGINNING		<u>63,481</u>		<u>37,838</u>
FUND BALANCES, ENDING		<u><u>128,403</u></u>		<u><u>63,481</u></u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures, and Changes in Fiduciary
Assets and Liabilities - Budget and Actual (GAAP Basis)
Fiduciary Fund
Scholarship Fund
For the Year Ended June 30, 2018
(With Comparative Actual Amounts For the Year Ended June 30, 2017)

	2018		2017	
	Original and Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	Actual Amounts
ADDITIONS				
Programs	50	66	16	39
Total additions	50	66	16	39
DEDUCTIONS				
Programs	5,250	-	5,250	146
Total deductions	5,250	-	5,250	146
CHANGE IN FIDUCIARY ASSETS AND LIABILITIES	(5,200)	66	5,266	(107)
DUE TO STUDENTS, BEGINNING		4,928		5,035
DUE TO STUDENTS, ENDING		4,994		4,928

The accompanying notes are an part of these financial statements.

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures, and Changes in Fiduciary
Assets and Liabilities - Budget and Actual (GAAP Basis)
Fiduciary Fund
Student Activity Fund
For the Year Ended June 30, 2018
(With Comparative Actual Amounts For the Year Ended June 30, 2017)

	<u>2018</u>			<u>2017</u>
	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>	<u>Actual Amounts</u>
ADDITIONS				
Programs	204,054	107,806	(96,248)	114,521
Total additions	<u>204,054</u>	<u>107,806</u>	<u>(96,248)</u>	<u>114,521</u>
DEDUCTIONS				
Programs	156,000	116,565	39,435	86,270
Total deductions	<u>156,000</u>	<u>116,565</u>	<u>39,435</u>	<u>86,270</u>
CHANGE IN FIDUCIARY ASSETS AND LIABILITIES	<u>48,054</u>	<u>(8,759)</u>	<u>(56,813)</u>	28,251
DUE TO STUDENT ACTIVITIES, BEGINNING		<u>120,649</u>		<u>92,398</u>
DUE TO STUDENT ACTIVITIES, ENDING		<u>111,890</u>		<u>120,649</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Combined General Fund
Balance Sheet
June 30, 2018

	<u>General Fund</u>	<u>Insurance Reserve Fund</u>	<u>Total</u>
ASSETS			
Assets:			
Cash and cash equivalents	4,134,849	59,984	4,194,833
Accounts, taxes, and interest receivable	297,343	-	297,343
Due from other governments	202,085	-	202,085
	<u>4,634,277</u>	<u>59,984</u>	<u>4,694,261</u>
Total assets	<u>4,634,277</u>	<u>59,984</u>	<u>4,694,261</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts and other current payables	42,163	-	42,163
Accrued compensation	413,630	-	413,630
	<u>455,793</u>	<u>-</u>	<u>455,793</u>
Total liabilities	<u>455,793</u>	<u>-</u>	<u>455,793</u>
Fund balances:			
Reserved for:			
TABOR	235,250	-	235,250
Risk management	-	59,984	59,984
Unreserved	3,943,234	-	3,943,234
	<u>4,178,484</u>	<u>59,984</u>	<u>4,238,468</u>
Total fund balances	<u>4,178,484</u>	<u>59,984</u>	<u>4,238,468</u>
Total liabilities and fund balances	<u>4,634,277</u>	<u>59,984</u>	<u>4,694,261</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Combined General Fund
Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018

	<u>General Fund</u>	<u>Insurance Reserve Fund</u>	<u>Total</u>
REVENUES			
Taxes:			
Property taxes	2,993,670	-	2,993,670
Specific ownership taxes	745,303	-	745,303
State intergovernmental revenue	2,272,871	-	2,272,871
Federal intergovernmental revenue	278,613	-	278,613
Investment income	67,112	12	67,124
Other	381,051	30,435	411,486
Total revenues	<u>6,738,620</u>	<u>30,447</u>	<u>6,769,067</u>
EXPENDITURES			
Direct instruction	3,346,525	-	3,346,525
Indirect instruction	257,482	-	257,482
Transportation	208,112	-	208,112
Custodial and maintenance	542,717	-	542,717
Support services	176,545	149,548	326,093
General administration	770,435	-	770,435
Community service	950	-	950
Total expenditures	<u>5,302,766</u>	<u>149,548</u>	<u>5,452,314</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,435,854</u>	<u>(119,101)</u>	<u>1,316,753</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>(341,166)</u>	<u>100,000</u>	<u>(241,166)</u>
Total other financing sources (uses)	<u>(341,166)</u>	<u>100,000</u>	<u>(241,166)</u>
NET CHANGE IN FUND BALANCES	1,094,688	(19,101)	1,075,587
FUNDS BALANCES, BEGINNING	<u>3,083,796</u>	<u>79,085</u>	<u>3,162,881</u>
FUND BALANCES, ENDING	<u><u>4,178,484</u></u>	<u><u>59,984</u></u>	<u><u>4,238,468</u></u>

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

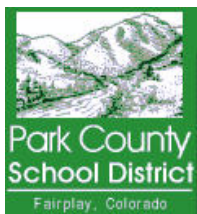
PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule
June 30, 2018 and 2017

	2018	2017
Governmental funds capital assets:		
Buildings and improvements	38,406,940	38,406,940
Equipment	215,786	200,408
Vehicles	893,206	947,006
Total governmental funds capital assets	39,515,932	39,554,354

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

Park County School District RE-2

Statutory Information



High Altitude, High Attitude, High Achievement



Colorado Department of Education
Auditors Integrity Report
 District: 2610 - PARK COUNTY RE-2
 Fiscal Year 2017-18
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	3,083,796	6,397,454	5,302,766	4,178,484
18 Risk Mgmt Sub-Fund of General Fund	79,085	130,447	149,548	59,984
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	3,162,881	6,527,901	5,452,314	4,238,468
11 Charter School Fund	614,666	1,775,601	1,698,197	692,070
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
21 Food Service Spec Revenue Fund	166,021	364,309	338,792	191,538
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	3,635	61,759	48,374	17,020
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	3,263,300	1,146,379	1,167,193	3,242,486
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	63,481	125,438	60,521	128,398
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	7,273,985	10,001,387	8,765,391	8,509,981
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	4,928	66	0	4,994
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	120,649	107,806	116,565	111,890
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	125,576	107,872	116,565	116,883

FINAL