

cPa DIXON, WALLER & CO., INC.

BACA COUNTY SCHOOL DISTRICT

NUMBER RE-3

PRITCHETT, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2019

DIXON, WALLER & CO., INC.

TABLE OF CONTENTS

BACA COUNTY SCHOOL DISTRICT
NUMBER RE-3

FINANCIAL STATEMENTS

JUNE 30, 2019

| | <u>Page</u> |
|---|-------------|
| Title Page | |
| Table of Contents | |
| Roster of Officials | |
| <u>FINANCIAL SECTION:</u> | |
| Independent Auditor's Report..... | 1-2 |
| Management's Discussion and Analysis | i-vi |
| <u>BASIC FINANCIAL STATEMENTS:</u> | |
| Government Wide Financial Statements: | |
| Statement of Net Position..... | 3 |
| Statement of Activities | 4 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 5 |
| Reconciliation of Governmental Funds Balance Sheet To Statement of Net Position..... | 6 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 7 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 8 |

Fund Financial Statements (Continued):

Notes to Basic Financial Statements..... 9-38

REQUIRED SUPPLEMENTARY INFORMATION:

Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual – Major Governmental Funds:

General Fund 39-41
Food Service – Special Revenue Fund 42

Pension Trend Data:

Schedule of Proportionate Share of Net Pension Liability..... 43
Schedule of District Contributions - Pension..... 44

Other Post Employment Benefits (OPEB) Trend Data:

Schedule of Proportionate Share of Net OPEB Liability..... 45
Schedule of District Contributions – OPEB..... 46

INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES:

Schedules of Revenues, Expenditures and Changes in Fund Balance Budget (GAAP Basis) and Actual:

Pupil Activity – Special Revenue Fund..... 47

STATE REQUIRED SCHEDULES:

Auditor’s Integrity Report (Revenues, Expenditures, and Fund Balance by Fund) 48
Bolded Balance Sheet..... 49-51

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
ROSTER OF SCHOOL OFFICIALS
June 30, 2019

BOARD OF EDUCATION

| | |
|---------------|----------------|
| Mark Crane | President |
| Mark Wilson | Vice-President |
| Christy Eskew | Treasurer |
| Jozy Stegman | Secretary |
| Cole Eskew | Member |

SCHOOL OFFICIALS

| | |
|----------------|----------------|
| William Carwin | Superintendent |
|----------------|----------------|

FINANCIAL SECTION

164 E. MAIN
TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

INDEPENDENT AUDITOR'S REPORT

Board of Education
Baca County School District Number RE-3
Pritchett, CO 81064

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Baca County School District Number RE-3, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Baca County School District Number RE-3, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and other post employment benefit trend data on pages i through vi and 39 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Baca County School District Number RE-3's basic financial statements. The combining and individual fund financial statements, other schedules, and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, other schedules, and state required schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, other schedules, and state required schedules, are fairly stated, in all material respect, in relation to the basic financial statements as a whole.



Trinidad, Colorado
November 26, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Pritchett School District RE-3
Management's Discussion and Analysis
Fiscal Year 2018-2019**

The administration and management of the Pritchett School District offers the following overview and analysis of the financial activities within the District for the fiscal year ending June 30, 2019. We encourage readers to examine the information presented in this report to gain a better understanding of the District's financial status.

Financial Highlights

District revenues for 2018-2019 were primarily generated by property taxes and state equalization payments. Local taxes, which makes up 33.6% of total revenue, totaled \$422,640, an increase of \$9,167 from 2017-2018. State aid, 43.6% of total revenue, increased \$48,002 to \$549,174 while federal aid, 5.1% of total revenue, increased \$19,609 to \$64,010. Other local revenue totaled \$172,433 makes up the remaining 13.7% of total revenue.

- ❖ The District presently has no outstanding long-term debt.
- ❖ The District has \$869,528 in cash and investments compared to \$781,207 the prior year

Overview of the Financial Statements

This annual report will discuss both district-wide financial statements, and specific fund financial statements. The district-wide financial statements present a general description of the District's assets and liabilities, and how they have changed during the past fiscal year. Such a statement may be used to indicate whether the financial position of the Pritchett School District is improving or deteriorating. However, financial statements are only one indicator of fiscal health. Other factors which affect the health of the school district include, but are not limited to: pupil enrollment, changes in the District's property tax base, and the overall condition of the District's facilities and equipment.

Governmental activities are those which are supported by taxes and other forms of government revenue. Almost all district services fall into this category. Governmental activities within the District include regular and special education, transportation, and administration.

The fund financial statements provide more detailed information about district funds. District revenues and expenditures are divided into specific funds to track mandated expenditures and transfers, as well as to provide clarity and tracking capability. Fund financial statements provide evidence of compliance with state and federal finance requirements. The District divides its funds into two categories: governmental funds and fiduciary funds.

Governmental funds compose the majority of all district funds. The Pritchett School District maintains the following governmental funds: The General fund, the Colorado Preschool fund, the Food Service fund and the Pupil Activity fund. Maintaining these specific funds allows the District to track revenues and expenditures more closely and ensures that all state and federal regulations are being followed.

Fiduciary funds may be thought of as stewardship funds. In a fiduciary fund, the money is being held by the district for another organization or entity. Student activity funds and scholarship funds are both examples of fiduciary funds. Pritchett school district does not have any fiduciary funds.

District-Wide Financial Analysis

Table 1 reports the net position of the district for fiscal years 2018 and 2019.

Table 1:
NET POSITION

| | 2019 | 2018 | |
|----------------------------------|------------------------------------|------------------------------------|-----------------------|
| | Governmental Activities | Governmental Activities | NET CHANGE |
| ASSETS | | | |
| Current and Other Assets | 927,006 | 803,449 | 123,557 |
| Capital Assets | 106,330 | 119,834 | (13,504) |
| Total Assets | <u>1,033,336</u> | <u>923,283</u> | <u>110,053</u> |
| Deferred Outflows | <u>661,845</u> | <u>1,109,001</u> | <u>(447,156)</u> |
| LIABILITIES | | | |
| Current and Other Liabilities | 1,885,586 | 3,766,114 | (1,880,528) |
| Long Term Liabilities | | | - |
| Total Liabilities | <u>1,885,586</u> | <u>3,766,114</u> | <u>(1,880,528)</u> |
| Deferred Inflows | <u>1,501,805</u> | <u>316,843</u> | <u>1,184,962</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 106,330 | 119,834 | (13,504) |
| Restricted for: | | | |
| Tabor Reserve | 35,000 | 33,650 | 1,350 |
| Scholarships | - | 50,000 | (50,000) |
| Food Service | 14,405 | 12,595 | 1,810 |
| Preschool | | | |
| Unrestricted | <u>(1,847,945)</u> | <u>(2,266,752)</u> | <u>418,807</u> |
| | <u>(1,692,210)</u> | <u>(2,050,673)</u> | <u>358,463</u> |

The District's net position increased \$358,463 from the prior year due to the District proactively managing finances and taking prudent actions in response to their financial constraints. The General fund balance increased \$103,685 indicating an improvement in the financial condition of the District. While the Budget Stabilization Factor has decreased in recent years, the District continues to experience budgetary challenges with increased building maintenance, repair costs, replacing transportation vehicles and recruiting and retaining teachers and staff.

| Table 2: | | | |
|--|------------------------------------|------------------------------------|-----------------------|
| Changes in Net Position | | | |
| | 2019 | 2018 | |
| | Governmental Activities | Governmental Activities | NET CHANGE |
| Revenues | | | |
| Charges for Services | 95,831 | 73,064 | 22,767 |
| Operating Grants and Contributions | 113,917 | 108,979 | 4,938 |
| Capital Grants and Contributions | - | - | - |
| Property taxes | 422,640 | 416,759 | 5,881 |
| Specific Ownership Taxes | 50,907 | 47,621 | 3,286 |
| Equalization | 499,267 | 436,594 | 62,673 |
| Earnings on investments | 2,996 | 2,677 | 319 |
| Other Revenues | 73,606 | 121,991 | (48,385) |
| TOTAL REVENUES | 1,259,164 | 1,207,685 | 51,479 |
| Expenses | | | |
| Instructional services | 609,912 | 528,999 | 80,913 |
| Students | 3,500 | 6,139 | (2,639) |
| Instructional staff | 40,906 | 35,892 | 5,014 |
| District administration | 169,357 | 142,102 | 27,255 |
| School administration | - | 19 | (19) |
| Business | 63,512 | 53,312 | 10,200 |
| Operation and maintenance of facilities | 138,853 | 217,368 | (78,515) |
| Transportation | 64,307 | 64,615 | (308) |
| Central | 22,215 | 23,534 | (1,319) |
| Capital outlay | - | - | - |
| Interest on Long Term Liabilities | - | - | - |
| Food Service | 48,823 | 59,975 | (11,152) |
| Pension and OPEB Expense | (260,684) | 561,983 | (822,667) |
| TOTAL EXPENSES | 900,701 | 1,693,938 | (793,237) |
| Increase (Decrease in Net Position) | 358,463 | (486,253) | 844,716 |

As Table 2 reflects most of the District's revenue came from state aid and property taxes in 2019. The pupil count for K-12 for 2018-2019 was 49. Funded pupil count was FTE 51.5 including Colorado Preschool and the full-day kindergarten adjustment. State equalization is calculated on several factors including at-risk student enrollment, district size, and total school enrollment. A mill levy override was proposed for the fall of 2010 to assist the District in balancing a continued deficit budget. The mill levy override, producing \$100,000 annually, was supported with a positive vote by 64% of the school district voters.

The table below shows the total and net cost for providing various services throughout the District. The net cost reflects the amount of money that district taxpayers contribute to provide these services. Of course, the difference between the total cost of services and the net cost of services is provided by State, Federal, and private grants.

Table - 3 Governmental Activities by Major Function

| | 2019 | | 2018 | |
|---|-----------------------|---------------------|-----------------------|---------------------|
| | Total Cost of Service | Net Cost of Service | Total Cost of Service | Net Cost of Service |
| Instructional services | 609,912 | 46,679 | 528,999 | 406,768 |
| Students | 3,500 | 3,500 | 6,139 | 6,139 |
| Instructional staff | 40,906 | 40,906 | 35,892 | 35,892 |
| District administration | 169,357 | 169,357 | 142,102 | 142,102 |
| School administration | - | - | 19 | 19 |
| Business | 63,512 | 63,512 | 53,312 | 53,312 |
| Operation and maintenance of facilities | 138,853 | 121,315 | 217,368 | 202,503 |
| Transportation | 64,307 | 52,806 | 64,615 | 49,178 |
| Central | 22,215 | 22,215 | 23,534 | 23,534 |
| Capital outlay | - | - | - | - |
| Food Service | 48,823 | 11,233 | 59,975 | 30,465 |
| Pension and OPEB Expense | (260,684) | (260,684) | 561,983 | 561,983 |
| Total | 900,701 | 270,839 | 1,693,938 | 1,511,895 |

Table 3. Governmental Activities

Due to the small size of the District, the Food Service fund will always require General fund support in order to operate. The cost of staff and supplies is too great to be compensated for with charges for services and operating grants and contributions.

Financial Analysis of the District’s Funds

General information about the Pritchett School District’s funds are included in this report. All funds are accounted for using the modified accrual basis of accounting. The General fund balance has been steadily increasing since 2014-2015. In the 2018-19 school year the fund balance increased to a total of \$782,008 compared to \$678,324 the prior year. Based on current enrollment and funding projections, the District will need to continue to adjust its revenue and expenses structure in order to remain solvent over time.

General Fund Budgetary Highlights

The Pritchett School District approved the budget in June 2018, based on anticipated enrollment, revenue and expenditures. In January 2019, a final revised budget was approved. A total appropriation of \$2,033,004 was approved by the Board of Education for the General Fund.

Assets

At the end of the 2018-2019 fiscal year, the Pritchett School District had \$897,736 in total assets in the General Fund, \$52,445 in the Food Service Fund and \$10,087 in the Pupil Activities Fund.

Capital Assets (Net Depreciation)

Table 4: Capital Assets (Net of Depreciation)

| | <u>Governmental 2018-2019</u> | <u>Governmental 2017-2018</u> | <u>NET CHANGE</u> |
|-----------------------------|-----------------------------------|-----------------------------------|-----------------------|
| Land & Sites | 11,600 | 11,600 | - |
| Buildings & Improvements | 51,429 | 58,014 | (6,585) |
| Equipment & Vehicles | 35,063 | 40,805 | (5,742) |
| Food Service | 8,238 | 9,415 | (1,177) |
| Total Capital Assets | 106,330 | 119,834 | (13,504) |

Long-term Debt

As previously mentioned, the Pritchett School District is free from all forms of long-term debt, which greatly contributes to the District’s financial stability.

Factors Bearing on the District’s Future

There remain many factors that could dramatically affect the District’s financial health and ability to provide quality services in the future.

- ❖ Enrollment trend analysis within the Pritchett School District indicates that enrollment has been decreasing, resulting in a reduction in revenue from the funded pupil count. However, enrollment was up significantly for the 2018 and 2019 pupil count.
- ❖ Economic conditions within Baca County, the State of Colorado, and the nation as a whole continue to remain in an economic downturn. The impact of this trend on small school districts cannot be underestimated. State and district general fund revenues will probably continue to decline until economic conditions improve with a significant reduction in funding for 2018-19 and predicted continued reduction of state aide for school year 2019-2020.
- ❖ The Pritchett School District continues to receive accreditation ratings from the Colorado Dept. of Education. Based on student achievement factors considered for accreditation through the Unified Improvement Planning process, the District is still fully accredited and in good standing with the Department of Education.
- ❖ The Pritchett community did support the school district in the 2010 fall election by approving a mill levy override that will contribute an estimated \$100,000 dollars annually as the mill increase is affected. This financial gain was intended to balance the school’s budget, but with continued state budget recisions and cuts, the mill will only partly balance our budget.

GASB 75 and 68 Impact

Under GASB 75 the District's proportionate share of the OPEB liability of the Colorado state retirement system Health Care Trust Fund administered by the Public Employees Retirement Association (PERA), is recorded as a liability of the District. The District's net post-employment benefits liability increased to \$84,539 for 2019 from \$81,497 for 2018.

Under GASB 68 the District's proportionate share of the net pension liability of the Colorado state retirement system, PERA, is recorded as a liability of the District. The District's net pension liability decreased to \$1,692,680 for 2019 compared to \$3,588,524 the prior year.

Contacting the District's Financial Management

The financial information in this report is designed to provide citizens with a general overview of the District's finances, and to provide accountability for the revenue the District receives. If you have any questions about the information in this report, please contact Bill Carwin, Superintendent of Schools at PO Box 7, Pritchett, Colorado, 81064.

BASIC FINANCIAL STATEMENTS

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
STATEMENT OF NET POSITION
June 30, 2019

| | <u>Governmental Activities</u> | <u>Total</u> |
|--|------------------------------------|--------------------|
| <u>ASSETS:</u> | | |
| Cash and Investments | 869,528 | 869,528 |
| Accounts Receivable | 35,920 | 35,920 |
| Receivables - Other | - | - |
| Accrued Revenue | 4,124 | 4,124 |
| Property Taxes Receivable | 14,300 | 14,300 |
| Inventories | 3,134 | 3,134 |
| Capital Assets | 1,434,089 | 1,434,089 |
| Accumulated Depreciation | (1,327,759) | (1,327,759) |
| <u>Total Assets</u> | <u>1,033,336</u> | <u>1,033,336</u> |
| <u>DEFERRED OUTFLOW OF RESOURCES</u> | | |
| Pension | 656,570 | 656,570 |
| Other Post Employment Benefits | 5,275 | 5,275 |
| <u>Total Deferred Outflow of Resources</u> | <u>661,845</u> | <u>661,845</u> |
| <u>LIABILITIES</u> | | |
| Accounts Payable | 23,338 | 23,338 |
| Accrued Salaries | 66,500 | 66,500 |
| Compensated Absences | - | - |
| Unearned Revenue | 18,529 | 18,529 |
| Net Pension Liability | 1,692,680 | 1,692,680 |
| Net Other Post Employment Benefits Liability | 84,539 | 84,539 |
| Long Term Liabilities: | | |
| Due Within One Year | - | - |
| Due in More than One Year | - | - |
| <u>Total Liabilities</u> | <u>1,885,586</u> | <u>1,885,586</u> |
| <u>DEFERRED INFLOW OF RESOURCES</u> | | |
| Pension | 1,498,814 | 1,498,814 |
| Other Post Employment Benefits | 2,991 | 2,991 |
| <u>Total Deferred Inflow of Resources</u> | <u>1,501,805</u> | <u>1,501,805</u> |
| <u>NET POSITION</u> | | |
| Net Investment in Capital Assets | 106,330 | 106,330 |
| Restricted for: | | |
| TABOR Reserve | 35,000 | 35,000 |
| Food Service | 14,405 | 14,405 |
| Unrestricted | (1,847,945) | (1,847,945) |
| <u>TOTAL NET POSITION</u> | <u>(1,692,210)</u> | <u>(1,692,210)</u> |

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

| | General Fund | Food Service | Other Governmental Funds | Total Governmental Funds |
|--|-----------------|-----------------|--------------------------------|--------------------------------|
| <u>ASSETS</u> | | | | |
| Cash and Investments | 813,585 | 45,856 | 10,087 | 869,528 |
| Accounts Receivable | 33,760 | 2,160 | - | 35,920 |
| Accrued Revenue | 4,124 | - | - | 4,124 |
| Due from Other Funds | 31,967 | 1,295 | - | 33,262 |
| Property Taxes Receivable | 14,300 | - | - | 14,300 |
| Inventories | - | 3,134 | - | 3,134 |
| <u>Total Assets</u> | <u>897,736</u> | <u>52,445</u> | <u>10,087</u> | <u>960,268</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable | 23,338 | - | - | 23,338 |
| Accrued Salaries | 63,561 | 2,939 | - | 66,500 |
| Due to Other Fund | - | 31,967 | 1,295 | - |
| <u>Total Liabilities</u> | <u>86,899</u> | <u>34,906</u> | <u>1,295</u> | <u>123,100</u> |
| <u>DEFERRED INFLOW OF RESOURCES</u> | | | | |
| Property Taxes | <u>10,300</u> | <u>-</u> | <u>-</u> | <u>10,300</u> |
| <u>FUND BALANCES</u> | | | | |
| Nonspendable: | | | | |
| Inventories | - | 3,134 | - | 3,134 |
| Restricted for: | | | | |
| Emergencies | 35,000 | - | - | 35,000 |
| Preschool | - | - | - | - |
| Food Service | - | 14,405 | - | 14,405 |
| Committed for: | | | | |
| Scholarships | 50,000 | - | - | 50,000 |
| Assigned for: | | | | |
| Activities | - | - | 8,792 | 8,792 |
| Unassigned | <u>697,008</u> | <u>-</u> | <u>-</u> | <u>697,008</u> |
| <u>Total Fund Balances</u> | <u>782,008</u> | <u>17,539</u> | <u>8,792</u> | <u>808,339</u> |
| <u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u> | | | | |
| | <u>879,207</u> | <u>52,445</u> | <u>10,087</u> | <u>941,739</u> |

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 Year Ended June 30, 2019

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

| | |
|--|--------------------|
| <u>TOTAL FUND BALANCE – GOVERNMENTAL FUNDS</u> | 808,339 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$1,434,089 and the accumulated depreciation is \$1,327,759. | 106,330 |
| Property tax revenue is recognized when earned (claim to resources established) rather than when “available”. All of the deferred property tax is not available. | 10,300 |
| Net pension and other post employment benefits liabilities, along with associated deferred flows, are not recorded at the fund level: | |
| Net Pension Liability | (1,692,680) |
| Net Other Post Employment Benefits Liability | (84,539) |
| Deferred Outflows | 661,845 |
| Deferred Inflows | <u>(1,501,805)</u> |
| <u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u> | <u>(1,692,210)</u> |

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

| <u>REVENUES</u> | <u>General Fund</u> | <u>Food Service</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|-------------------------|---|---|
| Property Taxes | 422,450 | - | - | 422,450 |
| Specific Ownership Taxes | 50,907 | - | - | 50,907 |
| Earnings on Investments | 2,996 | - | - | 2,996 |
| Other Local Sources | 91,144 | 9,075 | 69,218 | 169,437 |
| State Aid | 548,137 | 1,037 | - | 549,174 |
| Federal Aid | 36,532 | 27,478 | - | 64,010 |
| <u>Total Revenues</u> | <u>1,152,166</u> | <u>37,590</u> | <u>69,218</u> | <u>1,258,974</u> |
| <u>EXPENDITURES</u> | | | | |
| <u>Current:</u> | | | | |
| Instructional Services | 517,170 | - | 86,754 | 603,924 |
| Supporting Services: | | | | |
| Students | 3,500 | - | - | 3,500 |
| Instructional Staff | 40,906 | - | - | 40,906 |
| District Administration | 169,357 | - | - | 169,357 |
| School Administration | - | - | - | - |
| Business | 63,512 | - | - | 63,512 |
| Operation & Maintenance of Facilities | 134,935 | - | - | 134,935 |
| Transportation | 56,886 | - | - | 56,886 |
| Central | 22,215 | - | - | 22,215 |
| Food Service | 5,000 | 47,646 | - | 52,646 |
| Debt Service: | | | | |
| Principal Retirement | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - |
| Capital Outlay | - | - | - | - |
| <u>Total Expenditures</u> | <u>1,013,481</u> | <u>47,646</u> | <u>86,754</u> | <u>1,147,881</u> |
| <u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u> | <u>138,685</u> | <u>(10,056)</u> | <u>(17,536)</u> | <u>111,093</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Transfers | (35,000) | 15,000 | 20,000 | - |
| Insurance Proceeds | - | - | - | - |
| <u>Total Other Financing Sources (Uses)</u> | <u>(35,000)</u> | <u>15,000</u> | <u>20,000</u> | <u>-</u> |
| <u>NET CHANGE IN FUND BALANCES</u> | 103,685 | 4,944 | 2,464 | 111,093 |
| <u>FUND BALANCES – Beginning</u> | <u>678,323</u> | <u>12,595</u> | <u>6,328</u> | <u>697,246</u> |
| <u>FUND BALANCES – Ending</u> | <u>782,008</u> | <u>17,539</u> | <u>8,792</u> | <u>808,339</u> |

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 For The Year Ended June 30, 2019

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

NET CHANGE IN FUND BALANCES -- TOTAL GOVERNMENTAL FUNDS 111,093

Governmental funds report capital outlay as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

| | | |
|-----------------------------------|----------|----------|
| | 5,000 | |
| Capital Outlays more than \$5,000 | (18,504) | (13,504) |
| Depreciation Expense | | |

Property tax revenues received prior to the year for which they are levied or are not "available" at year end are reported as deferred revenue in the governmental funds. They are, however recorded as revenues in the statement of activities. Deferred property tax revenues increased this year. 190

The increase in net pension and other post employment benefits liabilities, along with the changes and amortizations of deferred flows associated with those liabilities, are not recorded at the fund level.

| | | |
|--------------------------------|---------|---------|
| | 262,206 | |
| Pension | (1,522) | 260,684 |
| Other Post Employment Benefits | | |

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES 358,463

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

NOTES TO BASIC FINANCIAL STATEMENTS

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Baca County School District Number RE-3 (District) conform with generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

The District operates under an elected Board of Education with 5 members.

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Baca County School District Number RE-3. The District receives funding from local, state, and federal government sources and must comply with requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A. Reporting Entity

Governmental Accounting Standards board (GASB) Statement No. 14 (as amended by Statements No. 34, No. 39 and No. 61), "*The Financial Reporting Entity*" (GASB No. 14) describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

This District is not included in any other governmental "reporting entity" as defined in GASB No. 14 and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basic financial statements present the District (the primary government) and its component units.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds (General Fund) and individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unassigned fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

Amounts reported as program revenues included 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.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

All governmental fund types use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end.

Property and automotive ownership taxes are reported as receivables and deferred inflows when levied and as revenues when due for collection in the following year and determined to be available.

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due and certain accrued sick and personal pay which are accounted for as expenditures when expected to be liquidated with expendable available financial resources.

The proprietary fund types are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus in these funds is on the flow of economic resources and emphasizes the determination of net income. All assets and all liabilities associated with their activity are included on their statement of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

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

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

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred flows, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

• Major Governmental Funds

1. General Fund – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
2. Food Service Fund- This fund accounts for all financial activities associated with the District’s school breakfast and lunch programs.

E. Cash and Investments

Cash represents amounts on deposit with financial institutions or held by the District. The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

F. Receivables

Property taxes levied in 2018 but uncollected in 2019 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2019 are recorded as deferred inflows, and are presented net of an allowance for uncollectible taxes. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

G. Inventories

Materials and supplies inventories are stated at cost. Inventories recorded in the Food Services Fund consist of purchased and donated commodities. Purchased inventories are stated at cost. 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.

The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets

Capital assets, which include property, vehicles and equipment, are utilized for general District operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental fund types are sold, the proceeds of the sale are recorded as revenues in the appropriate fund. The District does not capitalize interest on the construction of capital assets in governmental funds. However, the District does capitalize interest on the construction of capital assets in business-type activities.

The monetary threshold for capitalization of assets is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-40 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition.

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position. The District records long-term debt of governmental funds at the face value. The District's general obligation bonds are serviced from property taxes and other revenues of the Debt Service Fund. Capital leases are serviced from property taxes and other revenues of the General Fund. The long-term accumulated unpaid accrued sick leave is serviced from property taxes and other revenues by the respective fund type from future appropriations.

J. Constitutional Amendment

In November 1992, Colorado voters approved 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, which apply to the State of Colorado and local governments. It requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any entity.

On November 4, 1997 the registered voters approved a ballot resolution authorizing Baca County School District RE-3 to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased or any new tax be imposed.

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 years.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Constitutional Amendment (Continued)

TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2019 the District reserved \$35,000 for this purpose.

Spending and revenue limits are determined based on the prior fiscal year's spending adjusted for inflation in the prior calendar year plus annual increases in funded student enrollment. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions.

K. Property Taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2018 property tax calendar for Baca County was as follows:

| | |
|---|-------------------|
| Levy Date | December 22, 2018 |
| Lien Date | January 1, 2019 |
| Tax Bills Mailed | January 1, 2019 |
| First Installment Due | February 28, 2019 |
| Second Installment Due | June 15, 2019 |
| If Paid in Full, Due | April 30, 2019 |
| Tax Sale – 2017 Delinquent Property Taxes | October 25, 2018 |

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. GASB Statement No. 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the District's highest level of decision-making authority).

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. GASB Statement No. 54 (continued)

4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The District's Committed Fund Balance is fund balance reporting required by the School Board, either because of a School Board Policy in the School Board Policy Manual, or because of motions that passed at School Board meetings.

Assigned Fund Balance Policy:

The District's Assigned Fund Balance is fund balance reporting occurring by School Board Administration authority, under the direction of the Chief Business Officer.

Order of Fund Balance Spending Policy

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

Fund Balance Classification by Fund:

| | <u>General Fund</u> | <u>Food Service</u> | <u>Pupil Activities</u> | <u>Total Governmental Funds</u> |
|----------------------------|-------------------------|-------------------------|-----------------------------|---|
| <u>Nonspendable:</u> | | | | |
| Inventories | - | 3,134 | - | 3,134 |
| <u>Restricted:</u> | | | | |
| Emergencies | 35,000 | - | - | 35,000 |
| Preschool | - | - | - | - |
| Debt Service | - | - | - | - |
| Food Service | - | 14,405 | - | 14,405 |
| <u>Committed For:</u> | | | | |
| Scholarships | 50,000 | - | - | 50,000 |
| <u>Assigned:</u> | | | | |
| Activities | - | - | 8,792 | 8,792 |
| <u>Unassigned</u> | <u>697,008</u> | <u>-</u> | <u>-</u> | <u>697,008</u> |
| <u>Total Fund Balances</u> | <u>782,008</u> | <u>17,539</u> | <u>8,792</u> | <u>808,339</u> |

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Deferred Outflows / Inflows of Resources

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

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

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities.

| | Items Eliminated | |
|---|--------------------------|----------------------------|
| | Due From Other Funds | Due To Other Funds |
| General Fund | 31,967 | - |
| Food Service | 1,295 | 31,967 |
| Student Activities- Special Revenue Fund | - | 1,295 |
| | 33,262 | 33,262 |
| | Transfers To Other Funds | Transfers From Other Funds |
| General Fund | 35,000 | - |
| Food Service | - | 15,000 |
| Student Activities – Special Revenue Fund | - | 20,000 |
| | 35,000 | 35,000 |

NOTE 3 BUDGETARY INFORMATION

Revenues and expenditures are controlled by budgetary accounting systems in accordance with various legal requirements. The budgeted revenues and expenditures represent the original adopted budget as subsequently adjusted by the Board of Education in accordance with Colorado School Laws. Budgets are generally prepared on the same basis as that used for accounting purposes.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

NOTE 3 BUDGETARY INFORMATION (Continued)

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Business Manager submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund and Special Revenue Funds.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

All appropriations lapse at the end of each fiscal year. Authorization to transfer budgeted amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent of Schools and may be delegated to an appropriate level of management. Revisions and/or supplemental appropriations that alter the total expenditures of any fund must be approved by the Board of Education.

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year.

NOTE 4 CASH AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

At June 30, 2019, the District's bank balance and corresponding carrying balance were as follows:

| | <u>Carrying Balance</u> | <u>Bank Balance</u> |
|--|-------------------------|---------------------|
| Insured (FDIC) | 333,111 | 333,111 |
| Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado | 533,282 | 536,894 |
| Cash with County Treasurer | 2,735 | - |
| Cash on Hand | 400 | - |
| <u>Total Cash and Deposits</u> | <u>869,528</u> | <u>870,005</u> |

As presented above, deposits with a bank balance of \$536,894 and a carrying balance of \$533,282 as of June 30, 2019 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

| <u>Governmental Activities</u> | <u>Balance</u> <u>July 1, 2018</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>June 30, 2019</u> |
|--|---------------------------------------|------------------|------------------|--|
| <u>Capital Assets Not Being Depreciated</u> | | | | |
| Land | 11,600 | - | - | 11,600 |
| <u>Capital Assets Being Depreciated</u> | | | | |
| Buildings & Site Improvements | 866,660 | - | - | 866,660 |
| Equipment & Vehicles | 497,605 | 5,000 | - | 502,605 |
| Food Service | 53,224 | - | - | 53,224 |
| <u>Total Capital Assets Being Depreciated</u> | <u>1,417,489</u> | <u>5,000</u> | <u>-</u> | <u>1,422,489</u> |
| <u>Less Accumulated Depreciation for:</u> | | | | |
| Building & Site Improvements | 808,646 | 6,585 | - | 815,231 |
| Equipment & Vehicles | 456,800 | 10,742 | - | 467,542 |
| Food Service | 43,809 | 1,177 | - | 44,986 |
| <u>Total Accumulated Depreciation</u> | <u>1,309,255</u> | <u>18,504</u> | <u>-</u> | <u>1,327,759</u> |
| <u>Total Capital Assets Being Depreciated, Net</u> | <u>108,234</u> | <u>(13,504)</u> | <u>-</u> | <u>94,730</u> |
| <u>Governmental Activities Capital Assets, Net</u> | <u>119,834</u> | <u>(13,504)</u> | <u>-</u> | <u>106,330</u> |

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

| | |
|--|---------------|
| <u>Governmental Activities:</u> | |
| Instruction | 5,988 |
| Student Support | - |
| Instructional Support | - |
| General Administration Support | - |
| School Administration Support | - |
| Business Support Services | - |
| Operations and Maintenance | 3,918 |
| Transportation | 7,421 |
| Food Service | 1,177 |
| <u>Total Depreciation Expense –Governmental Activities</u> | <u>18,504</u> |

NOTE 6 PENSION PLAN

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. Baca County School District Number RE-3 participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/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.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SCHDTF are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates for the SCHDTF by 0.25 percent on July 1, 2019.
- Increases employee contribution rates for the SCHDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019)
- As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

NOTE 6 PENSION PLAN (Continued)

General Information about the Pension Plan

Plan description. Eligible employees of the Baca County School District Number RE-3 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 (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2018. 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.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 6 PENSION PLAN (Continued)

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 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 will receive the lesser of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

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 lifetime retirement benefit formula(s) 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.

Contribution provisions as of June 30, 2019. Eligible employees, Baca County School District Number RE-3 and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of July 1, 2018 through June 30, 2019. Employer contribution requirements are summarized in the table below.

| | July 1, 2018 Through December 31, 2018 | January 1, 2019 Through June 30, 2019 |
|---|--|---|
| Employer Contribution Rate | 10.15 % | 10.15 % |
| Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208 (1)(f) | (1.02)% | (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 specified in C.R.S. § 24-51-411 | 5.50% | 5.50% |
| Total employer contribution rate to the SCHDTF | 19.13% | 19.13% |

Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 6 PENSION PLAN (Continued)

As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Baca County School District Number RE-3 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Baca County School District Number RE-3 were \$103,139 for the year ended June 30, 2019.

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

The net pension liability for the SCHDTF was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total pension liability to December 31, 2018. The Baca County School District Number RE-3 proportion of the net pension liability was based on Baca County School District Number RE-3 contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2019, the Baca County School District Number RE-3 reported a liability of \$1,692,680 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the Baca County School District Number RE-3 as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with Baca County School District Number RE-3 were as follows:

| | |
|---|--------------|
| Baca County School District Number RE-3 proportionate share of the net pension liability | \$ 1,692,680 |
| The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Baca County School District Number RE-3 | \$ 231,451 |
| Total | \$ 1,924,131 |

At December 31, 2018, the Baca County School District Number RE-3 proportion was 0.009 percent, which was a decrease of 0.0015 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the Baca County School District Number RE-3 recognized pension income of \$262,206 and revenue of \$13,747 for support from the State as a nonemployer contributing entity. At June 30, 2019, the Baca County School District Number RE-3 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 6 PENSION PLAN (Continued)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|----------------------------------|
| Difference between expected and actual experience | 57,417 | - |
| Changes of assumptions or other inputs | 315,946 | (1,052,665) |
| Net difference between projected and actual earnings on pension plan investments | 229,267 | (137,005) |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | - | (309,144) |
| Contributions subsequent to the measurement date | 53,940 | N/A |
| Total | 656,570 | (1,498,814) |

\$53,940 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30, | |
|---------------------|-----------|
| 2020 | (475,167) |
| 2021 | (217,610) |
| 2022 | (253,876) |
| 2023 | 50,469 |
| 2024 | - |
| Thereafter | - |

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

| | |
|---|---|
| Actuarial cost method | Entry age |
| Price inflation | 2.40 percent |
| Real wage growth | 1.10 percent |
| Wage inflation | 3.50 percent |
| Salary increases, including wage inflation | 3.50 – 9.70 percent |
| Long-term investment rate of return, net of pension plan investment expenses, including price inflation | 7.25 percent |
| Discount rate | 4.78 percent |
| Post-retirement benefit increases: | |
| PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic) | 2.00 percent compounded annually |
| PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic) | Financed by the Annual Increase Reserve |

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 6 PENSION PLAN (Continued)

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

| | |
|---|---|
| Discount Rate | 7.25 percent |
| Post-retirement benefit increases: | |
| PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic) | 0% through 2019 and 1.5% compounded annually, thereafter |
| PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic) | Financed by the Annual Increase Reserve |

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.

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.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 6 **PENSION PLAN (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:

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

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

Discount rate. The discount rate used to measure the total pension liability was 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:

- 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 member contribution rates in effect for each year, including the scheduled increases in SB 18-200. 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 for each year, including the scheduled increase in SB 18-200. Employer contributions also include the 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.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 6 PENSION PLAN (Continued)

- As specified in law, the State will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process 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. 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 middle of the year.

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

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 3.43 percent were used in the discount rate determination resulting in a discount rate of 4.78 percent, 2.47 percent lower compared to the current measurement date.

Sensitivity of the Baca County School District Number RE-3 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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|------------------------|----------------------------------|------------------------|
| Proportionate share of the net pension liability | 2,151,953 | 1,692,680 | 1,307,272 |

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

NOTE 6 PENSION PLAN (Continued)

Defined Contribution Pension Plan

Voluntary Investment Program

Plan Description – Employees of the Baca County School District Number RE-3 that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2019, program members contributed \$120.

NOTE 7 OTHER POST EMPLOYMENT BENEFITS

Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. Baca County School District Number RE-3 participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan description. Eligible employees of the Baca County School District Number RE-3 are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

PERA Benefit Structure

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

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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 the Baca County School District Number RE-3 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Baca County School District Number RE-3 were \$5,499 for the year ended June 30, 2019.

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

At June 30, 2019, the Baca County School District Number RE-3 reported a liability of \$84,539 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The Baca County School District Number RE-3 proportion of the net OPEB liability was based on Baca County School District Number RE-3 contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the Baca County School District Number RE-3 proportion was 0.006 percent, which was a decrease of 0.0001 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the Baca County School District Number RE-3 recognized OPEB expense of \$1,522. At June 30, 2019, the Baca County School District Number RE-3 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | 307 | (129) |
| Changes of assumptions or other inputs | 593 | - |
| Net difference between projected and actual earnings on OPEB plan investments | 1,499 | (1,013) |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | - | (1,849) |
| Contributions subsequent to the measurement date | 2,876 | N/A |
| Total | 5,275 | (2,991) |

\$2,876 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. 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, | |
|---------------------|-------|
| 2020 | (202) |
| 2021 | (202) |
| 2022 | (202) |
| 2023 | 136 |
| 2024 | (118) |
| Thereafter | (4) |

Actuarial assumptions. The total OPEB liability in the December 31, 2017 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 pension plan investment expenses, including price inflation | 7.25 percent |
| Discount rate | 7.25 percent |
| Health care cost trend rates | |
| PERA benefit structure: | |
| Service-based premium subsidy | 0.00 percent |
| PERACare Medicare plans | 5.00 percent |
| Medicare Part A premiums | 3.25 percent for 2018, gradually rising to 5.00 percent in 2025 |
| DPS benefit structure: | |
| Service-based premium subsidy | 0.00 percent |
| PERACare Medicare plans | N/A |
| Medicare Part A premiums | N/A |

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

The actuarial assumptions used in the December 31, 2017, 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 discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

| Medicare Plan | Cost for Members Without Medicare Part A | Premiums for Members Without Medicare Part A |
|--|---|---|
| Self-Funded Medicare Supplement Plans | \$736 | \$367 |
| Kaiser Permanente Medicare Advantage HMO | 602 | 236 |
| Rocky Mountain Health Plans Medicare HMO | 611 | 251 |
| United Healthcare Medicare HMO | 686 | 213 |

The 2018 Medicare Part A premium is \$422 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

| Medicare Plan | Cost for Members Without Medicare Part A |
|--|---|
| Self-Funded Medicare Supplement Plans | \$289 |
| Kaiser Permanente Medicare Advantage HMO | 300 |
| Rocky Mountain Health Plans Medicare HMO | 270 |
| United Healthcare Medicare HMO | 400 |

All costs are subject to the health care cost trend rates, as discussed below.

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.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

| Year | PERACare Medicare Plans | Medicare Part A Premiums |
|-------|-------------------------|--------------------------|
| 2018 | 5.00% | 3.25% |
| 2019 | 5.00% | 3.50% |
| 2020 | 5.00% | 3.75% |
| 2021 | 5.00% | 4.00% |
| 2022 | 5.00% | 4.25% |
| 2023 | 5.00% | 4.50% |
| 2024 | 5.00% | 4.75% |
| 2025+ | 5.00% | 5.00% |

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

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

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

- **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.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- 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 2018 plan year.
- 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 long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

Sensitivity of the Baca County School District Number RE-3 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:

| | 1% Decrease in Trend Rates | Current Trend Rates | 1% Increase in Trend Rates |
|-------------------------------------|----------------------------|---------------------|----------------------------|
| PERACare Medicare trend rate | 4.00% | 5.00% | 6.00% |
| Initial Medicare Part A trend rate | 2.00% | 3.00% | 4.00% |
| Ultimate Medicare Part A trend rate | 3.25% | 4.25% | 5.25% |
| Net OPEB Liability | 82,205 | 84,539 | 87,224 |

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, 2018, measurement date.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

- 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process 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 middle of the year.

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 Baca County School District Number RE-3 proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---------------------------|-------------------------------------|---------------------------|
| Proportionate share of the net OPEB liability | 94,592 | 84,539 | 75,945 |

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

NOTE 8 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 9 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL

The District belongs to the Colorado School District's Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, Workers' Compensation and other coverage. The Board of Directors is composed of eight persons; seven of whom are appointed by the Board of Directors of CASB and the Executive Director of CASB. The Pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the Aggregate Pool claims, the cost of Administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as an expenditure.

The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2019.

An audited summary of the Colorado School District's Pool financial information at June 30, 2018, and the year then ended (latest information available) follows:

| | |
|------------------------------------|--------------------------|
| Total Assets | <u>44,237,852</u> |
| Total Liabilities | <u>16,614,537</u> |
| Total Equity | <u>27,623,315</u> |
| Revenue | 15,844,221 |
| Underwriting Expenses | <u>19,487,647</u> |
| Underwriting Gain (Loss) | <u>(3,643,426)</u> |
| Net Investment Income | 517,310 |
| Other Income | <u>-</u> |
| Net Income (Loss) Before Dividend | <u>(3,126,116)</u> |
| Dividend | <u>-</u> |
| Net Income | <u>(3,126,116)</u> |
| Transfer of Capital Contributions | - |
| Change in Non Admitted Assets | <u>130,742</u> |
| Capital Contributions from Members | <u>-</u> |
| Unassigned Surplus | <u><u>27,623,315</u></u> |

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

NOTE 10 LITIGATION

None.

NOTE 11 SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Claims and Judgments - The District participates in a number of federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2019, significant amounts of grant expenditures have not been audited by the grantor but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the District.

NOTE 12 JOINT VENTURES

Not reflected in the accompanying financial statements is the District's participation in the South Eastern Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per District.

The District has one member on the Board. The Board has final authority for all budgeting and financing of the joint venture. The BOCES by-laws indicate that the entity is to have perpetual existence, but in the event of its dissolution, all assets shall be divided among member school districts on a pro rate basis determined by the BOCES board. The joint venture summary audited financial information as of June 30, 2018, the latest year for which complete information is available is as follows:

| | |
|------------------------|--------------------|
| Assets | 1,203,018 |
| Deferred Outflows | 2,004,084 |
| Liabilities | 6,994,270 |
| Deferred Inflows | <u>516,921</u> |
| Net Position | <u>(4,304,089)</u> |
| | |
| Revenues | 2,634,971 |
| Expenses | <u>3,618,339</u> |
| Change in Net Position | <u>(983,368)</u> |

The BOCES is not included as a component unit of the District as the financial responsibility is minimal, there is no financial interdependency, the District does not have the ability to significantly influence the operations of the BOCES and the District is not accountable for fiscal matters of the BOCES. The BOCES is audited annually and files a report with the Colorado State Auditor.

NOTE 13 ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, at June 30, 2019, are estimated to be \$66,500. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the various funds.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

NOTE 14 COMPENSATED ABSENCES

There is no material liability for compensated absences payable at June 30, 2019.

NOTE 15 INTERFUND BALANCES AND TRANSFERS

| <u>Major Governmental Fund</u> | <u>Due To Other Funds</u> | <u>Due From Other Funds</u> | <u>Transfer In</u> | <u>Transfer Out</u> |
|---|-------------------------------|---------------------------------|--------------------|---------------------|
| General Fund | - | 31,967 | - | 35,000 |
| Food Service Fund | 31,967 | 1,295 | 15,000 | - |
| <u>Non Major Governmental Funds</u> | | | | |
| Pupil Activity Fund | <u>1,295</u> | <u>-</u> | <u>20,000</u> | <u>-</u> |
| | <u>33,262</u> | <u>33,262</u> | <u>35,000</u> | <u>35,000</u> |

Transfers were made from the General Fund for the purpose of assisting operations.

Interfund Receivables and Payables are expected to be paid within one year.

NOTE 16 INVENTORIES

Food Service Fund inventories at June 30, 2019, consisted of USDA, purchased food and non-food amounting to \$3,134. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

NOTE 17 COMPLIANCE WITH BUDGET LAWS

The following condition was noted and may be a violation of Colorado law:

Expenditures in the Pupil Activity Fund exceeded budgeted amounts by \$6,754.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISONS

PENSION TREND DATA

OTHER POST EMPLOYMENT BENEFITS TREND DATA

General Fund

The General Fund accounts for all transactions of the District not accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed from property taxes and other general revenues. It is the most significant fund in relation to the District's overall operations.

Food Service Fund

This fund accounts for all financial activities associated with the District's school breakfast and lunch programs.

Pension Trend Data

Other Post Employment Benefits Trend Data

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2019

| <u>REVENUES</u> | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance-</u> |
|------------------------------------|-------------------------|------------------|-----------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Favorable</u> |
| | | | | <u>(Unfavorable)</u> |
| <u>Local Sources</u> | | | | |
| Property Taxes | 428,000 | 423,295 | 422,450 | (845) |
| Specific Ownership Taxes | 28,000 | 36,239 | 50,907 | 14,668 |
| Earnings on Investments | 1,000 | 1,000 | 2,996 | 1,996 |
| Delinquent Taxes & Interest | 3,000 | 3,000 | 675 | (2,325) |
| Other | 59,000 | 330,000 | 90,469 | (239,531) |
| <u>State Sources</u> | | | | |
| Equalization | 470,835 | 505,436 | 499,267 | (6,169) |
| Transportation | 14,000 | 14,000 | 11,501 | (2,499) |
| Vocational Education | - | - | 15,264 | 15,264 |
| Special Education | - | - | 3,126 | 3,126 |
| Other | 30,112 | 40,041 | 18,979 | (21,062) |
| <u>Federal Sources</u> | | | | |
| Other | 25,670 | 35,670 | 36,532 | 862 |
| TOTAL REVENUES | <u>1,059,617</u> | <u>1,388,681</u> | <u>1,152,166</u> | <u>(236,515)</u> |
| <u>EXPENDITURES</u> | | | | |
| <u>Instruction</u> | | | | |
| Salaries | 368,580 | 376,780 | 356,918 | 19,862 |
| Employee Benefits | 122,488 | 130,721 | 116,519 | 14,202 |
| Purchased Services - Professional | 15,050 | 18,514 | 14,953 | 3,561 |
| Purchased Services – Property | - | - | - | - |
| Purchased Services – Other | 8,500 | 8,500 | 11,182 | (2,682) |
| Supplies and Materials | 23,350 | 30,350 | 15,089 | 15,261 |
| Property | - | - | - | - |
| Other Objects | 2,000 | 2,000 | 2,509 | (509) |
| <u>Total Instruction</u> | <u>539,968</u> | <u>566,865</u> | <u>517,170</u> | <u>49,695</u> |
| <u>SUPPORTING SERVICES</u> | | | | |
| <u>Student Supporting Services</u> | | | | |
| Salaries | - | - | - | - |
| Employee Benefits | - | - | - | - |
| Purchased Services – Professional | 3,500 | 3,500 | 3,500 | - |
| Purchased Services – Property | - | - | - | - |
| Purchased Services – Other | - | - | - | - |
| Supplies and Materials | 300 | 300 | - | 300 |
| Property | - | - | - | - |
| Other Objects | - | - | - | - |
| <u>Total Student Services</u> | <u>3,800</u> | <u>3,800</u> | <u>3,500</u> | <u>300</u> |

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance- Favorable (Unfavorable) |
|---|-------------------------|----------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Instructional Staff</u> | | | | |
| Salaries | 19,900 | 19,900 | 18,900 | 1,000 |
| Employee Benefits | 4,169 | 4,169 | 4,597 | (428) |
| Purchased Services – Other | 19,000 | 19,000 | 16,357 | 2,643 |
| Supplies and Materials | - | - | 1,052 | (1,052) |
| <u>Total Instructional Staff</u> | <u>43,069</u> | <u>43,069</u> | <u>40,906</u> | <u>2,163</u> |
| <u>General Administration</u> | | | | |
| Salaries | 46,914 | 46,914 | 43,971 | 2,943 |
| Employee Benefits | 20,328 | 20,328 | 21,006 | (678) |
| Purchased Services – Professional | 20,000 | 20,000 | 31,335 | (11,335) |
| Purchased Services – Other | 43,000 | 43,000 | 45,442 | (2,442) |
| Supplies and Materials | 7,000 | 7,000 | 7,298 | (298) |
| Property | 10,000 | 10,000 | 4,339 | 5,661 |
| Other Objects | 10,000 | 10,000 | 15,966 | (5,966) |
| <u>Total General Administration</u> | <u>157,242</u> | <u>157,242</u> | <u>169,357</u> | <u>(12,115)</u> |
| <u>School Administration</u> | | | | |
| <u>Office of the Principal</u> | | | | |
| Salaries | - | - | - | - |
| Employee Benefits | - | - | - | - |
| <u>Total School Administration</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>Business Services</u> | | | | |
| Salaries | 43,400 | 43,400 | 42,264 | 1,136 |
| Employee Benefits | 15,132 | 9,092 | 14,342 | (5,250) |
| Purchased Services – Professional | - | - | - | - |
| Purchased Services-Property | 1,000 | 1,000 | 95 | 905 |
| Purchased Services – Other | 5,000 | 5,000 | - | 5,000 |
| Supplies and Materials | - | - | 6,811 | (6,811) |
| <u>Total Business Services</u> | <u>64,532</u> | <u>58,492</u> | <u>63,512</u> | <u>(5,020)</u> |
| <u>Operations and Maintenance</u> | | | | |
| Salaries | 44,600 | 44,600 | 40,103 | 4,497 |
| Employee Benefits | 9,487 | 9,487 | 9,749 | (262) |
| Purchased Services-Professional | - | 8,000 | - | 8,000 |
| Purchased Services – Property | 40,000 | 40,000 | 33,052 | 6,948 |
| Purchased Services – Other | 4,000 | 4,000 | 1,163 | 2,837 |
| Supplies and Materials | 47,000 | 47,000 | 50,803 | (3,803) |
| Property | - | 260,000 | - | 260,000 |
| Other Objects | - | - | 65 | (65) |
| <u>Total Operations and Maintenance</u> | <u>145,087</u> | <u>413,087</u> | <u>134,935</u> | <u>278,152</u> |

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance- Favorable (Unfavorable) |
|--|-------------------------|----------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Student Transportation</u> | | | | |
| Salaries | 20,000 | 20,000 | 22,376 | (2,376) |
| Employee Benefits | 2,514 | 4,242 | 6,069 | (1,827) |
| Purchased Services – Other | 10,000 | 10,000 | 12,622 | (2,622) |
| Supplies and Materials | 18,000 | 18,000 | 15,753 | 2,247 |
| Property | 15,000 | 18,529 | - | 18,529 |
| Other Objects | - | - | 66 | (66) |
| <u>Total Student Transportation</u> | <u>65,514</u> | <u>70,771</u> | <u>56,886</u> | <u>13,885</u> |
| <u>Central Support</u> | | | | |
| Salaries | 7,950 | 7,950 | 8,275 | (325) |
| Employee Benefits | 3,176 | 3,190 | 3,090 | 100 |
| Purchased Services – Other | 300 | 300 | - | 300 |
| Supplies and Materials | 3,000 | 3,000 | 874 | 2,126 |
| Property | 2,000 | 2,000 | - | 2,000 |
| Other Objects | 1,000 | 1,000 | 9,976 | (8,976) |
| <u>Total Central Support</u> | <u>17,426</u> | <u>17,440</u> | <u>22,215</u> | <u>(4,775)</u> |
| <u>Food Service</u> | | | | |
| Supplies and Materials | - | - | 5,000 | (5,000) |
| Property | 5,000 | 5,000 | - | 5,000 |
| <u>Total Food Services</u> | <u>5,000</u> | <u>5,000</u> | <u>5,000</u> | <u>-</u> |
| <u>TOTAL SUPPORTING SERVICES</u> | <u>501,670</u> | <u>768,901</u> | <u>496,311</u> | <u>272,590</u> |
| <u>APPROPRIATED RESERVES</u> | <u>608,979</u> | <u>655,238</u> | <u>-</u> | <u>655,238</u> |
| <u>TOTAL EXPENDITURES</u> | <u>1,650,617</u> | <u>1,991,004</u> | <u>1,013,481</u> | <u>977,523</u> |
| <u>REVENUES OVER (UNDER) EXPENDITURES</u> | <u>(591,000)</u> | <u>(602,323)</u> | <u>138,685</u> | |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Insurance Proceeds | - | - | - | - |
| Transfers | (69,000) | (76,000) | (35,000) | 41,000 |
| <u>Total Other Financing Sources (Uses)</u> | <u>(69,000)</u> | <u>(76,000)</u> | <u>(35,000)</u> | <u>41,000</u> |
| <u>REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES</u> | <u>(660,000)</u> | <u>(678,323)</u> | <u>103,685</u> | |
| <u>FUND BALANCE, July 1</u> | <u>660,000</u> | <u>678,323</u> | <u>678,323</u> | |
| <u>FUND BALANCE, June 30</u> | <u>-</u> | <u>-</u> | <u>782,008</u> | |

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL
 FOOD SERVICE – SPECIAL REVENUE FUND
 For the Year Ended June 30, 2019

| | <u>Budgeted</u> | | <u>Actual</u> | Variance- Favorable (Unfavorable) |
|--|-----------------|---------------|---------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| <u>Local Sources</u> | | | | |
| Food Sales | 18,000 | 18,000 | 9,067 | (8,933) |
| Earnings on Investments | - | - | - | - |
| Other | 30 | 30 | 8 | (22) |
| <u>State Sources</u> | | | | |
| School Lunches | 500 | 500 | 1,037 | 537 |
| <u>Federal Sources</u> | | | | |
| School Lunches | 12,000 | 12,000 | 25,373 | 13,373 |
| Commodities | - | - | 2,105 | 2,105 |
| <u>Total Revenues</u> | <u>30,530</u> | <u>30,530</u> | <u>37,590</u> | <u>7,060</u> |
| EXPENDITURES | | | | |
| Salaries | 22,600 | 22,600 | 22,082 | 518 |
| Employee Benefits | 10,461 | 10,461 | 4,986 | 5,475 |
| Purchased Services – Professional | - | - | - | - |
| Purchased Services – Property | - | - | - | - |
| Purchased Services - Other | - | - | - | - |
| Supplies and Materials | 26,600 | 26,600 | 18,473 | 8,127 |
| Capital Outlay | 3,000 | 3,000 | - | 3,000 |
| Other | - | - | - | - |
| Commodities | - | - | 2,105 | (2,105) |
| Contingency | 5,464 | 5,464 | - | 5,464 |
| <u>Total Expenditures</u> | <u>68,125</u> | <u>68,125</u> | <u>47,646</u> | <u>20,479</u> |
| <u>REVENUES OVER (UNDER) EXPENDITURES</u> | (37,595) | (37,595) | (10,056) | |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Transfers | 25,000 | 25,000 | 15,000 | (10,000) |
| <u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u> | (12,595) | (12,595) | 4,944 | |
| <u>FUND BALANCE, July 1</u> | <u>12,595</u> | <u>12,595</u> | <u>12,595</u> | |
| <u>FUND BALANCE, June 30</u> | <u>-</u> | <u>-</u> | <u>17,539</u> | |

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 For The Last 10 Fiscal Years (As Available)

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| District's proportion of the net pension liability (asset) | 0.0095% | 0.0111% | 0.0113% | 0.0119% | 0.0128% | 0.0143% | - | - | - | - |
| District's proportionate share of the net pension liability (asset) | \$1,692,680 | \$3,588,524 | \$3,353,527 | \$1,819,727 | \$1,729,269 | \$1,822,409 | - | - | - | - |
| District's covered payroll | \$539,149 | \$512,579 | \$512,468 | \$497,334 | \$515,866 | \$588,189 | - | - | - | - |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 314% | 700% | 654% | 366% | 335% | 310% | - | - | - | - |
| Plan fiduciary net position as a percentage of the total pension liability | 57.01% | 43.96% | 43.13% | 59.2% | 62.80% | 64.06% | - | - | - | - |

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
 For The Last 10 Fiscal Years (As Available)

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|---|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|-------------|-------------|
| Contractually required contributions | \$ 103,139 | \$ 96,864 | \$ 94,270 | \$ 88,309 | \$ 86,520 | \$ 94,057 | \$ 85,965 | - | - | - |
| Contributions in relation to the contractually required contributions | <u>\$(103,139)</u> | <u>\$(96,864)</u> | <u>\$(94,270)</u> | <u>\$(88,309)</u> | <u>\$(86,520)</u> | <u>\$(94,057)</u> | <u>\$(85,965)</u> | - | - | - |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | - | - | - |
| District's covered payroll | \$539,149 | \$512,579 | \$512,468 | \$497,344 | \$515,866 | \$588,189 | \$566,293 | - | - | - |
| Contributions as a percentage of covered payroll | 19.13% | 18.90% | 18.40% | 17.66% | 16.77% | 15.99% | 15.18% | - | - | - |

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER POST EMPLOYMENT BENEFIT (OPEB) LIABILITY
 For The Last 10 Fiscal Years (As Available)

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| District's proportion of the net OPEB liability (asset) | 0.0062% | 0.0063% | 0.0064% | - | - | - | - | - | - | - |
| District's proportionate share of the net OPEB liability (asset) | \$84,539 | \$81,497 | \$83,007 | - | - | - | - | - | - | - |
| District's covered payroll | \$539,149 | \$512,579 | \$512,468 | - | - | - | - | - | - | - |
| District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | 15.68% | 15.90% | 16.20% | - | - | - | - | - | - | - |
| Plan fiduciary net position as a percentage of the total OPEB liability | 17.03% | 17.53% | 16.72% | - | - | - | - | - | - | - |

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
 For The Last 10 Fiscal Years (As Available)

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|---|------------------|------------------|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contributions | \$5,499 | \$5,228 | \$5,227 | - | - | - | - | - | - | - |
| Contributions in relation to the contractually required contributions | <u>\$(5,499)</u> | <u>\$(5,228)</u> | <u>\$(5,227)</u> | - | - | - | - | - | - | - |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | - | - | - | - | - | - | - |
| District's covered payroll | \$539,149 | \$512,579 | \$512,468 | - | - | - | - | - | - | - |
| Contributions as a percentage of covered payroll | 1.02% | 1.02% | 1.02% | - | - | - | - | - | - | - |

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

NON MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds account for revenues that are legally restricted to expenditures for specified purposes.

Pupil Activities Fund – This fund accounts for co-curricular activities of the District.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
PUPIL ACTIVITY FUND - SPECIAL REVENUE FUND
For the Year Ended June 30, 2019

| | <u>Budget</u> | <u>Actual</u> | Variance- Favorable (Unfavorable) |
|---|-------------------|------------------|---|
| <u>REVENUES</u> | | | |
| Local Sources | 50,000 | 69,218 | 19,218 |
| State Sources | - | - | - |
| Federal Sources | - | - | - |
| <u>Total Revenues</u> | <u>50,000</u> | <u>69,218</u> | <u>19,218</u> |
| <u>EXPENDITURES</u> | | | |
| Student Activities | 80,000 | 86,754 | (6,754) |
| Contingency | - | - | - |
| <u>Total Expenditures</u> | <u>80,000</u> | <u>86,754</u> | <u>(6,754)</u> |
| <u>REVENUES OVER (UNDER) EXPENDITURES</u> | (30,000) | (17,536) | |
| <u>Other Financing Sources (Uses)</u> | | | |
| Transfers | 20,000 | 20,000 | - |
| <u>Total Other Financing Sources (Uses)</u> | <u>20,000</u> | <u>20,000</u> | - |
| <u>NET CHANGE IN FUND BALANCES</u> | (10,000) | 2,464 | |
| <u>FUND BALANCE, July 1</u> | <u>10,000</u> | <u>6,328</u> | |
| <u>FUND BALANCE, June 30</u> | <u>-</u> | <u>8,792</u> | |

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

STATE REQUIRED SCHEDULES

Auditor's Integrity Report (Revenues, Expenditures, and Fund Balance by Fund)

Bolded Balance Sheet



Colorado Department of Education
Auditors Integrity Report
 District: 0240 - Pritchett RE-3
 Fiscal Year 2018-19
 Colorado School District/BOCES

| 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 | 678,324 | 1,083,575 | 979,891 | 782,008 |
| 18 Risk Mgmt Sub-Fund of General Fund | 0 | 0 | 0 | 0 |
| 19 Colorado Preschool Program Fund | 0 | 33,591 | 33,591 | 0 |
| Sub-Total | 678,324 | 1,117,167 | 1,013,483 | 782,008 |
| 11 Charter School Fund | 0 | 0 | 0 | 0 |
| 20,16-28 Special Revenue Fund | 0 | 0 | 0 | 0 |
| 06 Supplemental Cap Const, Tech, Main, Fund | 0 | 0 | 0 | 0 |
| 21 Food Service Spec Revenue Fund | 12,595 | 52,592 | 47,047 | 17,540 |
| 22 Govt Designated-Purpose Grants Fund | 0 | 0 | 0 | 0 |
| 23 Pupil Activity Special Revenue Fund | 6,327 | 89,216 | 86,754 | 8,792 |
| 24 Full Day Kindergarten Mill Levy Override | 0 | 0 | 0 | 0 |
| 25 Transportation Fund | 0 | 0 | 0 | 0 |
| 31 Bond Redemption Fund | 0 | 0 | 0 | 0 |
| 39 Certificate of Participation (COP) Debt Service Fund | 0 | 0 | 0 | 0 |
| 41 Building Fund | 0 | 0 | 0 | 0 |
| 42 Special Building Fund | 0 | 0 | 0 | 0 |
| 43 Capital Reserve Capital Projects Fund | 0 | 0 | 0 | 0 |
| 46 Supplemental Cap Const, Tech, Main Fund | 0 | 0 | 0 | 0 |
| Table | 697,146 | 1,256,977 | 1,147,684 | 808,339 |
| 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 |
| Total | 0 | 0 | 0 | 0 |
| Fiduciary | | | | |
| 70 Other Trust and Agency Funds | 0 | 0 | 0 | 0 |
| 72 Private Purpose Trust Fund | 0 | 0 | 0 | 0 |
| 73 Agency Fund | 0 | 0 | 0 | 0 |
| 74 Pupil Activity Agency Fund | 0 | 0 | 0 | 0 |
| 79 GASB 34 Permanent Fund | 0 | 0 | 0 | 0 |
| 85 Foundations | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |
| FINAL | | | | |



Colorado Department of Education
Bolded Balance Sheet Report
 District: 0240 - Pritchett RE-3
 Fiscal Year 2018-19
 Colorado School District/BOCES

| ASSETS | Governmental | | | | | | Proprietary | | | | | | Fiduciary | | |
|--|------------------------|------------------------|-------------------|---------------------------------|--------------------------------|--------------------------------------|--------------------------|------------------------------------|--------------------------------|----------------------------------|-----------------------------------|---------------------------------|----------------------------|---------------------|----------------|
| | General Funds 10,12-18 | Charter School Fund 11 | Preschool Fund 19 | Special Revenue Funds 20, 22-23 | Supplemental Cap Const Fund 06 | Food Service Special Revenue Fund 21 | Debt Service Funds 30-39 | Capital Projects Funds 40-45,47-49 | Supplemental Cap Const Fund 46 | Other Enterprise Funds 50, 52-59 | Risk-Related Activity Funds 63-64 | Other Internal Service Funds 60 | Trust & Agency Funds 70-79 | Foundations Fund 85 | Totals |
| Cash and Investments (8100-8104,8111) | 801,933 | 0 | 8,917 | 10,087 | 0 | 45,856 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 866,793 |
| Cash with Fiscal Agent (8105) | 2,735 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,735 |
| Other Investment Accounts (8112-8115) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Taxes Receivable (8121,8122) | 14,300 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14,300 |
| Interfund Loans Receivable (8131,8132) | 37,530 | 0 | 0 | 0 | 0 | 1,295 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 38,825 |
| Grants Accounts Receivable (8142) | 4,124 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,124 |
| Other Receivables (8151-8154,8161) | 33,760 | 0 | 0 | 0 | 0 | 2,160 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 35,920 |
| Inventories (8171,8172,8173) | 0 | 0 | 0 | 0 | 0 | 3,134 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,134 |
| Machinery and Equipment (8241,8242,8251) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Assets | 894,382 | 0 | 8,917 | 10,087 | 0 | 52,446 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 965,832 |

| | Governmental | | | | | | | Proprietary | | | | | Fiduciary | |
|--------------------------------------|-------------------------|------------------------|-------------------|---------------------------------|--------------------------------|--------------------------------------|--------------------------|-------------------------------------|--------------------------------|----------------------------------|-----------------------------------|---------------------------------|----------------------------|---------------------|
| | General Funds 10,112-18 | Charter School Fund 11 | Preschool Fund 19 | Special Revenue Funds 20, 22-29 | Supplemental Cap Const Fund 06 | Food Service Special Revenue Fund 21 | Debt Service Funds 30-39 | Capital Projects Funds 40-45, 47-49 | Supplemental Cap Const Fund 46 | Other Enterprise Funds 50, 52-59 | Risk-Related Activity Funds 63-64 | Other Internal Service Funds 60 | Trust & Agency Funds 70-79 | Foundations Fund 85 |
| LIABILITIES & FUND EQUITY | | | | | | | | | | | | | | |
| LIABILITIES | | | | | | | | | | | | | | |
| Interfund Payables (7401,7402) | 0 | 0 | 5,563 | 1,295 | 0 | 31,967 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 38,825 |
| Other Payables (7421-7423) | 23,339 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 23,339 |
| Accrued Expenses (7461) | 60,207 | 0 | 3,354 | 0 | 0 | 2,939 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 66,500 |
| Unearned Revenue (7481) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grants Deferred Revenue (7482) | 18,529 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 18,529 |
| Deferred Inflow (7800) | 10,300 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,300 |
| Total Liabilities | 112,375 | 0 | 8,917 | 1,295 | 0 | 34,906 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 157,493 |

Governmental Proprietary Fiduciary

| FUND EQUITY | Governmental | | | | | | | | | | Proprietary | | | | Fiduciary | |
|---|------------------------|------------------------|-------------------|---------------------------------|--------------------------------|--------------------------------------|--------------------------|-------------------------------------|--------------------------------|----------------------------------|-----------------------------------|---------------------------------|----------------------------|---------------------|----------------|--|
| | General Funds 10,12-18 | Charter School Fund 11 | Preschool Fund 19 | Special Revenue Funds 20, 22-29 | Supplemental Cap Const Fund 06 | Food Service Special Revenue Fund 21 | Debt Service Funds 30-39 | Capital Projects Funds 40-45, 47-49 | Supplemental Cap Const Fund 46 | Other Enterprise Funds 50, 52-59 | Risk-Related Activity Funds 63-64 | Other Internal Service Funds 60 | Trust & Agency Funds 70-79 | Foundations Fund 85 | Totals | |
| Non-spendable Fund Balance 6710 | 0 | 0 | 0 | 0 | 0 | 3,134 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,134 | |
| Restricted Fund Balance 6720 | 0 | 0 | 0 | 0 | 0 | 14,406 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14,406 | |
| TABOR 3% Emergency Reserve 6721 | 35,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 35,000 | |
| TABOR Multi-Year 6722 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| District Emergency Reserve (letter of credit or real estate) 6723 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Colorado Preschool Program (CPP) Reserve 6724 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Full-Day Kindergarten Reserve 6725 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Risk-Related / Restricted Capital Reserve 6726 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| BEST Capital Reserve 6727 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Committed Fund Balance 6750 | 50,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50,000 | |
| Assigned Fund Balance 6760 | 0 | 0 | 0 | 8,792 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,792 | |
| Unassigned Fund Balance 6770 | 697,008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 697,008 | |
| Invested in Capital Assets, Net of Related Debt 6790 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Restricted Net Assets 6791 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Unrestricted Net Assets 6792 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Prior Period Adjustment 6880 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total Fund Equity | 782,008 | 0 | 0 | 8,792 | 0 | 17,540 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 808,339 | |

| Total Liabilities & Fund Equity | Governmental | | | | | | | | | | Proprietary | | | | Fiduciary | |
|---------------------------------|------------------------|------------------------|-------------------|---------------------------------|--------------------------------|--------------------------------------|--------------------------|-------------------------------------|--------------------------------|----------------------------------|-----------------------------------|---------------------------------|----------------------------|---------------------|-----------|--|
| | General Funds 10,12-18 | Charter School Fund 11 | Preschool Fund 19 | Special Revenue Funds 20, 22-29 | Supplemental Cap Const Fund 06 | Food Service Special Revenue Fund 21 | Debt Service Funds 30-39 | Capital Projects Funds 40-45, 47-49 | Supplemental Cap Const Fund 46 | Other Enterprise Funds 50, 52-59 | Risk-Related Activity Funds 63-64 | Other Internal Service Funds 60 | Trust & Agency Funds 70-79 | Foundations Fund 85 | Totals | |
| | 894,382 | 0 | 8,917 | 10,087 | 0 | 52,446 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 965,832 | |

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