

Garfield County School District No. 16

Financial Report

June 30, 2019



**Garfield County School District No. 16
Financial Report
June 30, 2019**

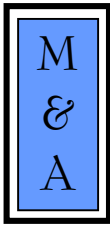
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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Garfield County School District No. 16, (the "District"), as of and for the year ended June 30, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Member: American Institute of Certified Public Accountants

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

Opinions

In our opinion, the financial statements referred to above presently fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Garfield County School District No. 16, as of June 30, 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

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

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

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

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

Other Matters (continued)

Additionally, the Schedule of Expenditures of Federal Awards included in the Single Audit section is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the District's financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contract, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control over financial reporting and on compliance.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
December 11, 2019

Garfield County School District No. 16

Management's Discussion and Analysis



Garfield County School District No. 16

Management Discussion and Analysis

As management of Garfield County School District No. 16 (the "District"), we offer readers of the District's annual financial report this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the District's financial statement, which follow this section.

Financial Highlights

The District had the following financial results in 2019:

- The District's General Fund balance at the end of fiscal year 2019 was \$3,489,523. This is an increase from the prior year of \$549,989.
- The District's ending General Fund balance consists of 24% of the current year expenditures and transfers out of \$14,279,356.

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

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of activities.

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

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

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

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

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

Fund Financial Statements

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

Government Funds

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

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

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

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

The basic major governmental fund statements start on page C3.

Fiduciary Funds

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

Notes to the Financial Statements

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a district's financial position. For the year ended June 30, 2019, the District's total net position was \$10,337,294, which included the District's net pension liability of \$24,284,082 and net other post-employment benefits ("OPEB") liability of \$1,212,828. The net pension and OPEB liabilities are the District's proportionate share of the School Division Trust Fund pension liability and Health Care Trust Fund's collective OPEB liability, respectively, administered by the Public Employees' Retirement Association of Colorado. This was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total pension and OPEB liabilities to December 31, 2018.

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

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

Summary of Net Position

The following table provides a summary of the District's net position as of the fiscal year ended June 30, 2019.

Garfield County School District No. 16's Net Position

	Governmental Activities	
	2019	2018
Assets:		
Current and other assets	\$ 18,779,023	16,507,282
Capital assets, net	74,185,349	76,637,712
Total Assets	92,964,372	93,144,994
 Deferred outflow of resources	 8,459,472	 17,078,681
 Liabilities:		
Other liabilities	2,121,611	1,813,060
Long-term liabilities	69,352,597	102,242,043
Total Liabilities	71,474,208	104,055,103
 Deferred inflow of resources	 19,612,342	 2,163,767
 Net Position:		
Invested in capital assets, net of related debt	30,966,876	28,889,197
Restricted	10,372,680	10,867,451
Unrestricted	(31,002,262)	(35,751,843)
Total Net Position	\$ 10,337,294	4,004,805

Of the District's total assets, 80% are capital assets (e.g. land, buildings, and equipment). The District uses these assets to provide instruction and related services to its students.

Summary of Activities

Net position for governmental activities increased by \$6,332,489. The following graph summarizes the District's change in net position:

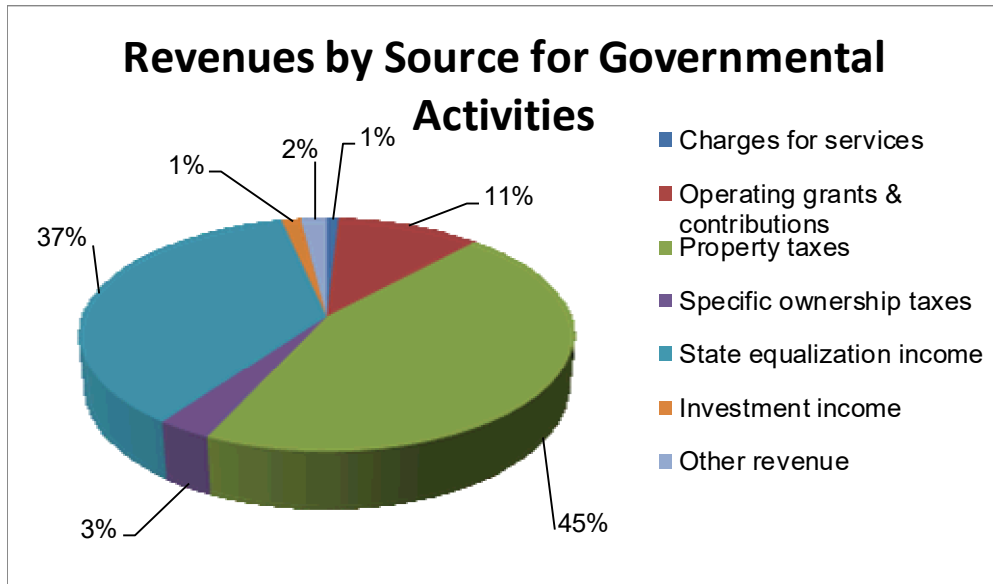
Garfield County School District No. 16's Changes in Net Position

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 197,040	144,411
Operating grants & contributions	2,485,351	1,597,065
General revenues:		
Property taxes	10,176,963	8,224,762
Specific ownership taxes	702,582	706,965
Other taxes	1,600	12,419
State equalization income	8,287,035	7,571,467
Grants and contributions not restricted to specific programs	443,022	749,388
Investment income	335,603	207,625
Gain on disposal of assets	-	500
Total Revenues	22,629,196	19,214,602
Expenses:		
Direct instruction	8,502,789	14,979,951
Indirect instruction	1,151,089	1,754,827
General administration	1,496,144	3,236,005
Support services	839,586	1,758,034
Custodial and maintenance	2,091,451	3,032,974
Transportation	380,260	781,706
Food service	548,500	920,805
Interest on long-term debt	1,286,888	1,401,209
Total Expenses	16,296,707	27,865,511
Change in Net Position	6,332,489	(8,650,909)
Net Position - Beginning of Year	4,004,805	12,655,714
Net Position - End of Year	\$ 10,337,294	4,004,805

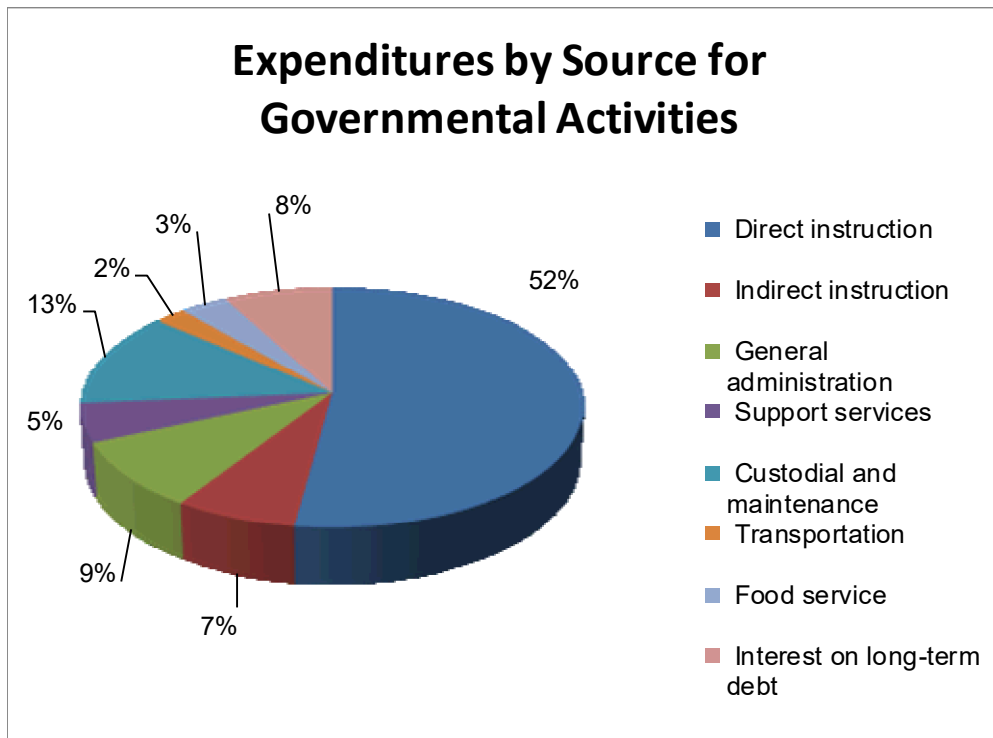
Property taxes, specific ownership tax, and per pupil state formula revenue (School Finance Act-State Equalization) account for most of the District's revenue. The remainder comes from grants and contributions with the remainder from fees charged for services and miscellaneous sources.

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

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



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



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

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

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$16,034,479. This is an increase of \$1,235,671 from the prior year ending fund balances. The increase mainly relates to increases in property tax and state equalization in the General Fund and offset by an increase in direct instructional expenditure in the General Fund, due to increase in various services and the new State special funding for the District's pension plan.

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

Capital Assets: The District's investment in capital assets for governmental activities as of June 30, 2019 amounts to \$74,185,349, (net accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, equipment, and vehicles.

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

Long-Term Debt: As of June 30, 2019, the District had an outstanding debt of \$69,352,597 consisting of the District's net pension and OPEB liabilities, general obligation bonds, QZAB debt, and compensated absences payable. The District's net pension liability decreased \$28,141,283 from the previous year.

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

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

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

Next Year's Budget and Rates: The District's General Fund balance at the end of fiscal year 2019 was \$3,489,523. The District budgeted revenues to cover budgeted expenditures in the General Fund for fiscal year 2020.

Request for Information:

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

Garfield County School District No. 16

Basic Financial Statements



Garfield County School District No. 16
Statement of Net Position
June 30, 2019

ASSETS	Governmental Activities
Cash and cash equivalents	481,926
Investments	17,388,645
Accounts receivable, net:	
Taxes	824,027
Other governments	88,559
Other	170,645
Internal balances	(214,836)
Inventory	40,057
Total current assets	18,779,023
Capital assets:	
Land	3,968,293
Construction in progress	111,858
Buildings and improvements	98,816,636
Vehicles and equipment	2,969,042
Less: Accumulated depreciation	(31,680,480)
Net capital assets	74,185,349
Total assets	92,964,372
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred charge on refunding	444,823
Related to pension	7,937,172
Related to other post-employment benefits	77,477
Total deferred outflows of resources	8,459,472
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	36,458
Accrued salaries	1,178,313
Unearned revenue	764,362
Accrued interest	142,478
Total current liabilities	2,121,611
Noncurrent liabilities:	
Accrued compensated absences	192,391
Bonded debt and capital leases:	
Due within one year	4,102,802
Due in more than one year	39,560,494
Net pension liability	24,284,082
Net other post-employment benefits liability	1,212,828
Total noncurrent liabilities	69,352,597
Total liabilities	71,474,208
DEFERRED INFLOWS OF RESOURCES:	
Related to pension	19,577,841
Related to other post-employment benefits ("OPEB")	34,501
Total deferred inflows of resources	19,612,342
NET POSITION	
Net investment in capital assets	30,966,876
Restricted for:	
Emergencies	470,000
Multi-year obligations	285,763
Debt service	8,955,877
Capital projects	661,040
Unrestricted	(31,002,262)
Total net position	10,337,294

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Statement of Activities
For the Year Ended June 30, 2019

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
GOVERNMENTAL ACTIVITIES:					
Direct instruction	8,502,789	34,695	1,607,103	-	(6,860,991)
Indirect instruction	1,151,089	-	244,269	-	(906,820)
General administration	1,496,144	58,922	-	-	(1,437,222)
Support services	839,586	10,462	-	-	(829,124)
Custodial and maintenance	2,091,451	-	-	-	(2,091,451)
Transportation	380,260	9,512	222,000	-	(148,748)
Food service	548,500	83,449	411,979	-	(53,072)
Interest on long-term debt	1,286,888	-	-	-	(1,286,888)
Total governmental activities	<u>16,296,707</u>	<u>197,040</u>	<u>2,485,351</u>	<u>-</u>	<u>(13,614,316)</u>
GENERAL REVENUES:					
Taxes:					
Property taxes - Levied for general operations					5,007,148
Property taxes - Levied for debt service					5,169,815
Specific ownership taxes					702,582
Other taxes					1,600
State equalization income					8,287,035
Grants and contributions not restricted to specific programs					443,022
Investment income					335,603
Total general revenues					<u>19,946,805</u>
Change in net position					6,332,489
Net position, beginning					<u>4,004,805</u>
Net position, ending					<u>10,337,294</u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Balance Sheet
Governmental Funds
June 30, 2019

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Bond Redemption Fund</u>	<u>Building Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	481,926	-	-	-	-	-	481,926
Investments	7,774,869	-	8,952,736	661,040	-	-	17,388,645
Accounts receivable, net:							
Taxes	376,330	-	447,697	-	-	-	824,027
Other governments	52,981	35,578	-	-	-	-	88,559
Other	29,841	140,804	-	-	-	-	170,645
Due from other funds	-	620,836	-	-	2,343,760	551,536	3,516,132
Inventories	-	-	-	-	-	40,057	40,057
Total assets	<u>8,715,947</u>	<u>797,218</u>	<u>9,400,433</u>	<u>661,040</u>	<u>2,343,760</u>	<u>591,593</u>	<u>22,509,991</u>
LIABILITIES							
Accounts payable and accrued expenses	36,458	-	-	-	-	-	36,458
Accrued salaries	1,138,143	32,856	-	-	-	7,314	1,178,313
Due to other funds	3,703,511	-	27,457	-	-	-	3,730,968
Unearned revenues	-	764,362	-	-	-	-	764,362
Total liabilities	<u>4,878,112</u>	<u>797,218</u>	<u>27,457</u>	<u>-</u>	<u>-</u>	<u>7,314</u>	<u>5,710,101</u>
DEFERRED INFLOWS OF RESOURCES:							
Unavailable property taxes	348,312	-	417,099	-	-	-	765,411
FUND BALANCES							
Non-spendable:							
Inventories	-	-	-	-	-	40,057	40,057
Restricted:							
TABOR	470,000	-	-	-	-	-	470,000
Multi-year obligations	285,763	-	-	-	-	-	285,763
Debt service	-	-	8,955,877	-	-	-	8,955,877
Capital projects	-	-	-	661,040	-	-	661,040
Committed:							
Food service	-	-	-	-	-	27,492	27,492
Capital projects	-	-	-	-	2,343,760	516,730	2,860,490
Assigned							
Capital projects	-	-	-	-	-	-	-
Unassigned	2,733,760	-	-	-	-	-	2,733,760
Total fund balances	<u>3,489,523</u>	<u>-</u>	<u>8,955,877</u>	<u>661,040</u>	<u>2,343,760</u>	<u>584,279</u>	<u>16,034,479</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>8,715,947</u>	<u>797,218</u>	<u>9,400,433</u>	<u>661,040</u>	<u>2,343,760</u>	<u>591,593</u>	<u>22,509,991</u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2019

Governmental Funds Total Fund Balance		16,034,479
<i>Add:</i>		
Property taxes receivable will be collected this calendar year, but are not available soon enough to pay for the current period's expenditures and therefore, are deferred in the funds.		765,411
Capital assets used in governmental activities are not considered current financial resources and therefore, are not reported in the governmental funds:		
Capital assets	105,865,829	
Accumulated depreciation	<u>(31,680,480)</u>	74,185,349
Changes in pension and OPEB related actuarial assumptions, proportion of collective pension and OPEB amounts, differences between actual and expected experience and investment earnings, and differences between actual and annualized contributions to the pension plan and Health Care Trust Fund are recorded as deferred inflows or outflows of resources and amortized over the average remaining service life of all active and inactive plan members:		
Unamortized Pension-related Deferred Outflows	7,937,172	
Unamortized Pension-related Deferred Inflows	(19,577,841)	
Unamortized OPEB-related Deferred Outflows	77,477	
Unamortized OPEB-related Deferred Inflows	<u>(34,501)</u>	(11,597,693)
<i>Less:</i>		
Deferred charges such as deferred refunding costs, and premiums and discounts on bonded debt, are treated as current transactions on the fund financial statements, but are capitalized and amortized on the Statement of Net Position:		
Deferred refunding costs	444,823	
Premiums and discounts on bonded debt	<u>(3,050,494)</u>	(2,605,671)
Long-term liabilities, including bonds payable, net pension and OPEB liability, accrued compensated absences, leases payable, and accrued interest are not due and payable in the current period and therefore, are not reported in the funds. This is the amount of District long-term liabilities:		
Bonds payable	(40,612,802)	
Net pension liability	(24,284,082)	
Net OPEB liability	(1,212,828)	
Accrued compensated absences and early retirement	(192,391)	
Accrued interest	<u>(142,478)</u>	<u>(66,444,581)</u>
Governmental Activities Net Position		<u><u>10,337,294</u></u>

The accompanying notes are an integral part of these statements.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Bond Redemption Fund</u>	<u>Building Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES							
Taxes:							
Property taxes	4,288,448	-	5,169,815	-	-	-	9,458,263
Specific ownership taxes	702,582	-	-	-	-	-	702,582
Other taxes	1,600	-	-	-	-	-	1,600
Federal income	197,552	330,498	-	-	-	401,878	929,928
State income	8,979,253	309,821	-	-	-	10,101	9,299,175
Investment income (loss)	317,234	-	1,823	16,546	-	-	335,603
Other	342,676	612,491	-	-	-	211,121	1,166,288
Total revenues	<u>14,829,345</u>	<u>1,252,810</u>	<u>5,171,638</u>	<u>16,546</u>	<u>-</u>	<u>623,100</u>	<u>21,893,439</u>
EXPENDITURES							
Direct instruction	6,580,175	474,264	-	-	-	-	7,054,439
Indirect instruction	946,965	530,317	-	-	-	-	1,477,282
General administration	1,857,393	1,063	-	-	-	-	1,858,456
Support services	1,017,329	-	-	-	-	-	1,017,329
Custodial and maintenance	2,085,504	25,000	-	-	-	-	2,110,504
Transportation	360,765	3,895	-	-	-	-	364,660
Food service	-	4,888	-	-	-	565,575	570,463
Capital outlay	104,949	213,383	-	32,439	123,623	1,331	475,725
Debt service:							
Principal	151,276	-	3,815,000	-	-	-	3,966,276
Interest and fiscal charges	-	-	1,762,634	-	-	-	1,762,634
Total expenditures	<u>13,104,356</u>	<u>1,252,810</u>	<u>5,577,634</u>	<u>32,439</u>	<u>123,623</u>	<u>566,906</u>	<u>20,657,768</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,724,989</u>	<u>-</u>	<u>(405,996)</u>	<u>(15,893)</u>	<u>(123,623)</u>	<u>56,194</u>	<u>1,235,671</u>
OTHER FINANCING SOURCES (USES)							
Transfers in (out)	(1,175,000)	-	-	-	1,075,000	100,000	-
Total other financing sources (uses)	<u>(1,175,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,075,000</u>	<u>100,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	549,989	-	(405,996)	(15,893)	951,377	156,194	1,235,671
FUND BALANCES, BEGINNING	<u>2,939,534</u>	<u>-</u>	<u>9,361,873</u>	<u>676,933</u>	<u>1,392,383</u>	<u>428,085</u>	<u>14,798,808</u>
FUND BALANCES, ENDING	<u><u>3,489,523</u></u>	<u><u>-</u></u>	<u><u>8,955,877</u></u>	<u><u>661,040</u></u>	<u><u>2,343,760</u></u>	<u><u>584,279</u></u>	<u><u>16,034,479</u></u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Reconciliation of Revenues, Expenditures and Change in Fund Balances
of Governmental Funds to the Statement of Activities
June 30, 2019

Governmental Funds Change in Fund Balances	1,235,671
 <i>Add:</i>	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlays reported as expenditures in the governmental funds.	244,043
Debt principal payments result in a reduction of accumulated resources on the fund financial statements. The government-wide statements show these payments as reductions against long-term liabilities.	3,966,276
Accrued compensated absences and early retirement reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. This is the change in accrued compensated absences during the year.	1,666
Amortization of deferred costs such as premium and discounts on bonds payable and deferred charges from refundings and changes in accrued interest have no impact on current available resources but do change government-wide net position.	475,746
 <i>Less:</i>	
Deferred property tax revenues do not provide current financial resources and are deferred on the governmental fund financial statements but recognized on the government-wide financial statements. This is the change in the deferred property tax recognized in the Statement of Activities.	718,699
Changes in the District's net pension and OPEB liabilities reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in the District's net pension and OPEB liabilities during the year, including differences between employer contributions to the pension plan or Health Care Trust Fund and amortization of pension-related and OPEB-related deferrals.	2,386,792
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense reported as an expenditure in the governmental activities' functions.	(2,695,261)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase (decrease) net position.	<u>(1,143)</u>
Governmental Activities Change in Net Position	<u><u>6,332,489</u></u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Statement of Fiduciary Net Position
Agency Fund
June 30, 2019

	<u>Pupil Activity Agency Fund</u>
ASSETS	
Due from Garfield County School District No.16	<u>214,836</u>
Total assets	<u><u>214,836</u></u>
LIABILITIES	
Due to student activities	<u>214,836</u>
Total liabilities	<u><u>214,836</u></u>

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

Garfield County School District No. 16

Notes to the Financial Statements



Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019

I. Summary of Significant Accounting Policies

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

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

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

A. Reporting Entity

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

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

B. District-wide and Fund Financial Statements

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. District-wide and Fund Financial Statements

1. District-wide Financial Statements

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

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

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

2. Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

The *Capital Projects Fund* accounts for the acquisition of land, construction of new facilities, alterations and improvements to existing structures, and the acquisition of school buses and/or other equipment..

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements (continued)

The District also reports the following agency fund:

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

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

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

1. Long-term Economic Focus and Accrual Basis

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

2. Current Financial Focus and Modified Accrual Basis

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

3. Financial Statement Presentation

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

D. Financial Statement Accounts

1. Cash, Cash Equivalents, and Investments

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

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

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

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

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

3. Property Taxes

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

4. Inventory

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

5. Capital Assets

Capital assets, which include land, land improvements, construction in progress, buildings and improvements, equipment, and vehicles, are reported in the governmental column in the government-wide financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost where historical records are available and at an estimated historical cost where no historical record exists. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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

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

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

6. Deferred Outflows and Inflows of Resources

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. Deferred Outflows and Inflows of Resources (continued)

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

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

7. Compensated Absences

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

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

8. Long-term Debt

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

9. Pensions

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

10. Post-Employment Benefits

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

11. Fund Balance and Fund Classifications

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

11. Fund Balance and Fund Classifications (continued)

The District classifies governmental fund balances as follows:

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

Spendable Fund Balance:

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

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

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

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

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

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

11. Fund Balance and Fund Classifications (continued)

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

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

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

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

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

12. Interfund Transactions

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

E. Significant Accounting Policies

1. Use of Estimates

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Significant Accounting Policies (continued)

2. Credit Risk

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

II. Stewardship, Compliance, and Accountability

A. Bond Trustee

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

B. Budgetary Information

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

As required by Colorado Statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for fiscal year 2019:

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

II. Stewardship, Compliance, and Accountability (continued)

B. Budgetary Information (continued)

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

<u>Fund</u>	<u>Original Appropriation</u>	<u>Final Appropriation</u>	<u>Change</u>
General Fund	\$ 13,458,528	14,259,276	800,748
Grant Fund	419,771	2,712,619	2,292,848

C. TABOR Amendment

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

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

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending. The District has reserved \$470,000 of its June 30, 2019 fund balances for this purpose.

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

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

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

The District is governed by the deposit and investment limitations of state law. The deposits and investment balances (including the agency fund) at June 30, 2019, are as follows:

<u>Type:</u>	<u>Standard & Poors Rating</u>	<u>Balance</u>	<u>Maturities</u>	
			<u>Less Than One Year</u>	<u>Less Than Five Years</u>
<i>Deposits:</i>				
Petty Cash	Not rated	\$ 5,325	5,325	-
Checking accounts	Not rated	476,601	476,601	-
<i>Investments:</i>				
Investment pool	AAAm	17,388,645	17,388,645	-
		<u>\$ 17,870,571</u>	<u>17,870,571</u>	<u>-</u>

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

Interest Rate Risk. The District limits investments maturities as required by state statutes as a means of managing its exposure to fair value losses arising from increasing interest rates. State statutes require the District to limit maturities to five years from the date of purchase. Maturities of investments held at June 30, 2019 are provided in the previous schedule. The District coordinates its investment maturities to closely match cash flow needs.

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

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Fair Value of Investments

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

At June 30, 2019, the District had the following recurring fair value measurements:

Investments Measured at Net Asset Value	Total
COLOTRUST	\$ 17,388,645

B. Receivables and Unavailable Revenue

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

	General Fund	Grant Fund	Bond Redemption Fund	Total Governmental Funds
Receivables:				
Taxes	\$ 376,330	-	447,697	824,027
Accounts	29,841	-	-	29,841
Other	-	140,804	-	140,804
Intergovernmental	52,981	35,578	-	88,559
Gross receivables	459,152	176,382	447,697	1,083,231
Less: allowance for uncollectible	-	-	-	-
Net Receivables	\$ 459,152	176,382	447,697	1,083,231

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds (continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,968,293	-	-	3,968,293
Construction in progress	-	111,858	-	111,858
Total capital assets, not being depreciated	<u>3,968,293</u>	<u>111,858</u>	<u>-</u>	<u>4,080,151</u>
Capital assets, being depreciated:				
Buildings and improvements	98,695,701	123,935	(3,000)	98,816,636
Vehicles and equipment	3,183,892	8,250	(223,100)	2,969,042
Total capital assets being depreciated	<u>101,879,593</u>	<u>132,185</u>	<u>(226,100)</u>	<u>101,785,678</u>
Total capital assets - Cost	<u>105,847,886</u>	<u>244,043</u>	<u>(226,100)</u>	<u>105,865,829</u>
Less accumulated depreciation for:				
Buildings and improvements	(26,812,260)	(2,525,959)	3,000	(29,335,219)
Vehicles and equipment	(2,397,914)	(169,302)	221,955	(2,345,261)
Total accumulated depreciation	<u>(29,210,174)</u>	<u>(2,695,261)</u>	<u>224,955</u>	<u>(31,680,480)</u>
Governmental activities capital assets, net	<u>\$ 76,637,712</u>	<u>(2,451,218)</u>	<u>(1,145)</u>	<u>74,185,349</u>

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

	<u>Capital Outlay</u>	<u>Depreciation Expense</u>
Governmental activities:		
Direct instruction	\$ 244,043	2,377,058
General administration	-	18,653
Custodial and maintenance	-	183,655
Transportation	-	72,414
Food service	-	43,481
Total - governmental activities	<u>\$ 244,043</u>	<u>2,695,261</u>

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds (continued)

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2019, was as follows:

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

	Receivable Fund	Payable Fund
General Fund	\$ -	3,703,511
Grant Fund	620,836	-
Bond Redemption Fund	-	27,457
Food Services Fund	34,807	-
Royalty Fund	516,729	-
Capital Projects Fund	2,343,760	-
Pupil Activity Agency Fund	214,836	-
	\$ 3,730,968	3,730,968

Transfers for fiscal year 2019 were as follows:

Transfer In (Out)	Amount	Transfer Purpose
General Fund	\$ (1,175,000)	To fund food service operations and future capital purchases
Capital Projects	1,075,000	Funding future capital purchases
Food Services Fund	100,000	Funding from the General Fund
Total	\$ -	

E. Long-term Debt – Governmental Activities

1. General Obligation Refunding Bonds, Series 2005

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds (continued)

E. Long-term Debt (continued)

2. General Obligation Bonds, Series 2007

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

3. General Obligation Bonds Refunding Bonds, Series 2010

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

4. General Obligation Bonds Refunding Bonds, Series 2013

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

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

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

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds (continued)

E. Long-term Debt (continued)

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

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

6. Debt Compliance

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

7. Defeasance of Debt

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

8. Schedule of Future Payments

The District's aggregate annual debt service requirements for general obligation bonds at June 30, 2019, are as follows:

Fiscal Year Ending	Total	
	Total Principal	Total Interest
2020	\$ 3,895,000	1,632,496
2021	4,055,000	1,473,731
2022	4,095,000	1,299,875
2023	4,290,000	1,157,150
2024	4,390,000	1,018,950
2025 - 2029	19,680,000	1,843,025
Total	40,405,000	8,425,226
	3,050,494	Add: Unamortized bond premium
	<u>\$ 43,455,494</u>	Total bonded debt and capital leases

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds (continued)

E. Long-term Debt (continued)

9. Qualified Zone Academy Bonds

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

Fiscal Year Ending	District Payment	Amortized Discount	Total Liability
2020	\$ 152,020	55,782	207,802
Total	\$ 152,020	55,782	207,802

10. Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2019:

	July 1, 2018	Additions	Reductions	June 30, 2019	Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
Refunding Bonds, Series 2010	\$ 925,000	-	(325,000)	600,000	300,000
Refunding Bonds, Series 2013	11,705,000	-	(2,780,000)	8,925,000	2,850,000
Building Bonds, Series 2015A	29,365,000	-	-	29,365,000	-
Taxable Refunding Bonds, Series 2015B	2,225,000	-	(710,000)	1,515,000	745,000
Unamortized bond premium	3,794,767	-	(744,273)	3,050,494	-
Qualified zone academy bonds	410,681	-	(202,879)	207,802	207,802
Accrued compensated absences	194,057	-	(1,666)	192,391	-
Net OPEB liability	1,197,173	-	15,655	1,212,828	-
Net pension liability	52,425,365	-	(28,141,283)	24,284,082	-
Total Governmental Activities	\$ 102,242,043	-	(32,889,446)	69,352,597	4,102,802

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

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

Benefits provided as of December 31, 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% and then multiplied by years of service credit
- The value of the retiring employee’s member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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% 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% of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Benefits provided as of December 31, 2018 (continued)

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

As of December 31, 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 SB 18-200, there are no annual increases 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% 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% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA’s Annual Increase Reserve 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% 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, the District, 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% 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:

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Contribution provisions as of June 30, 2019 (continued)

	January 1, 2018 through December 31, 2018	January 1, 2019 through June 30, 2019
Employer Contribution Rate	10.15%	10.15%
Amount of the Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED as presented in C.R.S. 24-51-411	5.50%	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).

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.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$1,490,113 for the year ended June 30, 2019.

Pension Liabilities: 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 District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Pension Liabilities (continued)

At June 30, 2019, the District reported a liability of \$24,284,082 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 District 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 the District were as follows:

The District's proportionate share of the net pension liability	\$ 24,284,082
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	2,921,092
Total	<u>\$ 27,205,174</u>

At December 31, 2018, the District proportion was 0.1371%, as compared to its proportion of 0.1621% measured as of December 31, 2017.

Pension Expense: For the year ended June 30, 2019, the District recognized a credit pension expense of \$914,792 and revenue of \$197,215 for support from the State as a nonemployer contributing entity.

Deferred Outflows of Resources and Deferred Inflows of Resources: At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 823,742	-
Changes of assumptions or other inputs	4,532,730	15,102,087
Net difference between projected and actual earnings on pension plan investments	1,323,634	-
Changes in proportionate share of contributions	491,480	4,475,754
Contributions subsequent to the measurement date	765,586	-
Total	<u>\$ 7,937,172</u>	<u>19,577,841</u>

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

Contributions subsequent to the measurement date of December 31, 2018, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability calculated at the December 31, 2019 measurement date. 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	\$ (2,261,726)
2021	(6,520,896)
2022	(4,347,685)
2023	724,052
Total	\$ (12,406,255)

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%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50 – 9.70%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25%
Discount Rate	4.78%
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00% compounded annually
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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%
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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

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

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

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

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

The 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 by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

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%. 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.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Discount rate (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.

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% 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%.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25% and the municipal bond index rate of 3.43% were used in the discount rate determination resulting in a discount rate of 4.78%, 2.47% lower compared to the current measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 30,873,056	\$ 24,284,082	\$ 18,754,822

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

- Increases employer contribution rates by 0.25% on July 1, 2019.
- Increases employee contribution rates by a total of 2% (to be phased in over a period of 3 years starting on July 1, 2019).
- 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, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (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 DPS Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund ("DPS HCTF"). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

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

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

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% 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.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

DPS Benefit Structure (continued)

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.

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.

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. For the year ended June 30, 2019, the District's contributions to HCTF were approximately \$75,735

Liabilities: At June 30, 2019, the District reported a liability for OPEB of \$1,212,828 for its proportionate share of net OPEB. The net OPEB liability 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, 2018. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2018. The District proportion of the net OPEB liability was based on District 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 District proportion was 0.0921%, as compared to its proportion of 0.0901% measured as of December 31, 2017.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the District recognized OPEB expense of \$93,848. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expenses and actual experience	\$ 4,401	1,845
earnings on plan investments	6,975	-
Changes in proportionate share of contributions	17,299	32,656
Contributions subsequent to measurement date	40,294	-
	\$ 77,477	34,501

Contributions subsequent to the measurement date of June 30, 2019, which are reported as deferred outflows of resources related to OPEB, will be recognized as a reduction of the net OPEB benefits 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	\$ 681
2021	681
2022	683
2023	5,525
2024	(4,682)
Thereafter	(206)
Total	\$ 2,682

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	5.00%
Medicare Part A premiums	3.25% for 2018, gradually rising to 5.00% percent in 2025
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	

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
UnitedHealthcare Medicare HMO	686	213

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

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
UnitedHealthcare 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.

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%

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

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

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

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

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

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

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

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

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

- The assumed rates of PERACare participation were revised to reflect more 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:

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%	

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
PERACare Medicare Trend Rate	4.00%	5.00%	6.00%
Initial Medicare Part A Trend Rate	2.25%	3.25%	4.25%
Ultimate Medicare Part A Trend Rate	4.00%	5.00%	6.00%
Collective Net OPEB Liability	\$ 1,322,972,000	\$ 1,360,542,000	\$ 1,403,754,000
Proportionate Share of Net OPEB Liability	\$ 1,179,337	\$ 1,212,828	\$ 1,251,348

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- 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.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Discount rate (continued)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 1,357,049	\$ 1,212,828	\$ 1,089,532

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

IV. Other Information

A. Defined Contribution Pension Plan

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

Funding Policy – Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. There were no 401(k) Plan member contributions from the District for the years ended June 30, 2019.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Other Information (continued)

B. Risk Management

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

C. Contingencies

1. Legal Claims

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at June 30, 2019.

2. Federal Programs

Funds received from Federal grants are subject to audit and disallowance of ineligible cost. Management of the District feels any potential questioned or disallowed costs or liability arising from the Federal program audits would not materially affect the fairness of the presentation of the financial statements at June 30, 2019.

3. State Programs

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

D. Jointly Governed Organization – BOCES

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

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Other Information (continued)

D. Jointly Governed Organization – BOCES (continued)

The BOCES has issued its own audited financial statements for the year ended June 30, 2018, the latest available data. The following summary information is presented:

Assets	\$	3,908,824
Deferred Outflows of Resources		3,537,624
Liabilities		10,150,770
Deferred Inflows of Resources		738,612
Net Position	<u>\$</u>	<u>(3,442,934)</u>
Expenses	\$	(9,401,813)
Program Revenues		7,591,366
General Revenues		157,502
Change in Net Position		<u>(1,652,945)</u>
Special Item		(1,789,989)
Net Position - Beginning		-
Net Position - Ending	<u>\$</u>	<u>(3,442,934)</u>

For the years ended June 30, 2019 and 2018, the District made operating contributions of \$299,804 and \$234,032 respectively.

E. Colorado School District Self Insurance Pool

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

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Other Information (continued)

E. Colorado School District Self Insurance Pool (continued)

The District's share in the Pool is not determinable from current information. The Pool has issued its own audited financial statements for the year ended June 30, 2018 the latest available data. The following summary information is presented:

Admitted Assets	\$ 44,237,852
Liabilities	(16,614,537)
Surplus	\$ 27,623,315
Revenues	\$ 16,361,531
Expenses	(19,487,647)
Net Income	(3,126,116)
Change in nonadmitted assets	130,742
Surplus - Beginning	30,618,689
Net Position - Ending	\$ 27,623,315

F. State Statutes

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

Fund	Final Budget	Actual	Expenditures in excess of budget	Reason
Food Service Fund	\$ 536,742	565,575	28,833	Commodities used higher than than budget

Garfield County School District No. 16

Required Supplementary Information



Garfield County School District No. 16
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for 2018)

	2019			Final Budget Variance Positive (Negative)	2018
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
REVENUES					
Taxes:					
Property taxes levied for general purposes	3,482,740	4,200,181	4,288,448	88,267	3,119,940
Specific ownership taxes	585,000	596,856	702,582	105,726	706,965
Other taxes	35,000	35,000	1,600	(33,400)	12,419
Federal income	231,591	231,591	197,552	(34,039)	247,873
State income	8,654,698	8,726,148	8,782,038	55,890	8,009,029
Investment income	110,000	110,000	317,234	207,234	178,169
Other	310,000	310,000	342,676	32,676	579,769
Total revenues	<u>13,409,029</u>	<u>14,209,776</u>	<u>14,632,130</u>	<u>422,354</u>	<u>12,854,164</u>
EXPENDITURES					
Direct instruction	6,569,108	6,829,229	6,470,484	358,745	6,138,948
Indirect instruction	1,280,019	1,148,101	929,436	218,665	905,374
General administration	1,906,754	1,906,754	1,824,205	82,549	1,662,339
Support services	1,028,434	1,039,060	1,002,278	36,782	968,683
Custodial and maintenance	1,991,286	1,991,286	2,068,608	(77,322)	1,976,769
Transportation	330,851	330,851	355,905	(25,054)	378,100
Capital outlay	25,075	24,422	104,949	(80,527)	16,205
Principal retirement	152,000	152,000	151,276	724	151,726
Contingency	-	662,572	-	662,572	-
Total expenditures	<u>13,283,527</u>	<u>14,084,275</u>	<u>12,907,141</u>	<u>1,177,134</u>	<u>12,198,144</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>125,502</u>	<u>125,501</u>	<u>1,724,989</u>	<u>1,599,488</u>	<u>656,020</u>
OTHER FINANCING SOURCES (USES)					
Sale of fixed assets	-	-	-	-	500
Transfers in (out)	(125,500)	(125,500)	(1,175,000)	(1,049,500)	(445,000)
Total other financing sources (uses)	<u>(125,500)</u>	<u>(125,500)</u>	<u>(1,175,000)</u>	<u>(1,049,500)</u>	<u>(444,500)</u>
NET CHANGE IN FUND BALANCES - BUDGET BASIS	<u>2</u>	<u>1</u>	549,989	<u>549,988</u>	211,520
RECONCILIATION TO GAAP BASIS:					
Pension direct distribution - Special funding			197,215		-
Pension expense - Special funding			(197,215)		-
NET CHANGE IN FUND BALANCES - GAAP BASIS			549,989		211,520
FUNDS BALANCES, BEGINNING			<u>2,939,534</u>		<u>2,728,014</u>
FUND BALANCES, ENDING			<u>3,489,523</u>		<u>2,939,534</u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Grants Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for 2018)

	2019			Final Budget	2018
	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)	Actual Amounts
REVENUES					
Federal income	155,055	360,018	330,498	(29,520)	259,111
State income	114,647	845,162	309,821	(535,341)	118,187
Other sources	150,069	1,507,440	612,491	(894,949)	264,604
Total revenues	<u>419,771</u>	<u>2,712,620</u>	<u>1,252,810</u>	<u>(1,459,810)</u>	<u>641,902</u>
EXPENDITURES					
Direct instruction	209,702	1,279,602	474,264	805,338	417,060
Indirect instruction	180,141	984,954	530,317	454,637	222,672
General administration	-	45,703	1,063	44,640	-
Custodial and maintenance	29,928	28,400	25,000	3,400	-
Transportation	-	3,941	3,895	46	2,170
Food service	-	4,877	4,888	(11)	-
Capital outlay	-	365,143	213,383	151,760	-
Total expenditures	<u>419,771</u>	<u>2,712,620</u>	<u>1,252,810</u>	<u>1,459,810</u>	<u>641,902</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING			-		-
FUND BALANCES, ENDING			<u>-</u>		<u>-</u>

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.1371%	0.1621%	0.1586%	0.1467%	0.1457%	0.1533%
District's proportionate share of the net pension liability	24,284,082	52,425,365	47,211,841	22,440,321	19,753,937	19,575,659
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	197,215	-	-	-	-	-
Total proportionate share of the net pension liability associated with the District	<u>24,481,297</u>	<u>52,425,365</u>	<u>47,211,841</u>	<u>22,440,321</u>	<u>19,753,937</u>	<u>19,575,659</u>
District's covered payroll	7,539,428	7,478,617	7,116,816	6,394,179	6,105,851	6,181,921
District's proportionate share of the net pension liability as a percentage of its covered payroll	322%	701%	663%	351%	324%	317%
Plan fiduciary net position as a percentage of the total pension liability	57.01%	43.96%	43.10%	59.20%	62.84%	64.07%

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

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	1,480,237	1,402,037	1,290,279	1,108,111	1,003,192	960,053
Contributions in relation to the contractually required contribution	<u>(1,480,237)</u>	<u>(1,402,037)</u>	<u>(1,290,279)</u>	<u>(1,108,111)</u>	<u>(1,003,192)</u>	<u>(960,053)</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
District's covered payroll	7,737,691	7,424,996	7,116,816	6,394,179	6,105,851	6,181,921
Contributions as a percentage of covered payroll	19.13%	18.88%	18.13%	17.33%	16.43%	15.53%

* Information is only available beginning in fiscal year 2014.

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.0891%	0.0921%	0.0901%
District's proportionate share of the net OPEB liability	1,212,828	1,212,828	1,197,173
District's covered payroll	7,539,428	7,478,617	7,116,816
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	622%	617%	594%
Plan fiduciary net position as a percentage of the total OPEB liability	17.03%	17.53%	16.72%

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	78,924	75,735	76,118
Contributions in relation to the contractually required contribution	<u>(78,924)</u>	<u>(75,735)</u>	<u>(76,118)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	7,737,691	7,424,997	7,462,533
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%

* Information is only available beginning in fiscal year 2017.

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

Garfield County School District No. 16
Notes to the Required Supplementary Information
June 30, 2019

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

A. Changes to Assumptions or Other Inputs

1. Changes since the December 31, 2017 actuarial valuation:

- The single equivalent interest rate ("SEIR") was increased from 4.78 percent to 7.25 percent to reflect the changes to the projection's valuation basis, which no longer resulted in a projected year of depletion of the FNP, thereby eliminating the need to apply the municipal bond index rate.

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

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

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

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

Garfield County School District No. 16
Notes to the Required Supplementary Information
June 30, 2019
(Continued)

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

A. Changes to Assumptions or Other Inputs (continued)

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

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

B. Changes of Benefit Terms

No changes during the years presented.

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

No changes during the years presented.

II. Schedule of District Pension Contributions

A. Changes to Assumptions or Other Inputs

No changes during the years presented.

B. Changes of Benefit Terms

No changes during the years presented.

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

No changes during the years presented.

Garfield County School District No. 16
Notes to the Required Supplementary Information
June 30, 2019
(Continued)

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

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit term

No changes during the years presented.

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

No changes during the years presented.

IV. Schedule of District Other Post-Employment Benefits Contributions

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms

No changes during the years presented.

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

No changes during the years presented.

Garfield County School District No. 16

Supplementary Information



GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Bond Redemption Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for 2018)

	<u>2019</u>			Final Budget Variance Positive (Negative)	<u>2018</u>
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
REVENUES					
Property taxes	5,577,634	6,076,283	5,169,815	(906,468)	5,097,437
Investment income (loss)	-	-	1,823	1,823	15,114
Total revenues	<u>5,577,634</u>	<u>6,076,283</u>	<u>5,171,638</u>	<u>(904,645)</u>	<u>5,112,551</u>
EXPENDITURES					
Debt service:					
Principal	3,815,000	3,815,000	3,815,000	-	3,705,000
Interest and fiscal charges	1,762,634	1,762,634	1,762,634	-	1,873,128
Total expenditures	<u>5,577,634</u>	<u>5,577,634</u>	<u>5,577,634</u>	<u>-</u>	<u>5,578,128</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>498,649</u>	<u>(405,996)</u>	<u>(904,645)</u>	<u>(465,577)</u>
FUND BALANCES, BEGINNING			<u>9,361,873</u>		<u>9,827,450</u>
FUND BALANCES, ENDING			<u>8,955,877</u>		<u>9,361,873</u>

The accompanying notes are integral part of these financial statements.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Building Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for 2018)

	<u>2019</u>			Final Budget Variance Positive (Negative)	<u>2018</u>
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
REVENUES					
Investment income	10,000	10,000	16,546	6,546	14,342
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>16,546</u>	<u>6,546</u>	<u>14,342</u>
EXPENDITURES					
Buildings and improvements	605,242	605,242	-	605,242	-
Equipment	53,032	53,032	30,439	22,593	262,554
Professional services	-	-	2,000	(2,000)	113,449
Total expenditures	<u>658,274</u>	<u>658,274</u>	<u>32,439</u>	<u>625,835</u>	<u>376,003</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(648,274)</u>	<u>(648,274)</u>	<u>(15,893)</u>	<u>632,381</u>	<u>(361,661)</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds	648,274	648,274	-	(648,274)	-
Total other financing sources (uses)	<u>648,274</u>	<u>648,274</u>	<u>-</u>	<u>(648,274)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>(15,893)</u>	<u>(15,893)</u>	<u>(361,661)</u>
FUND BALANCES, BEGINNING			<u>676,933</u>		<u>1,038,594</u>
FUND BALANCES, ENDING			<u><u>661,040</u></u>		<u><u>676,933</u></u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
(With Comparative Actual Amounts for 2018)

	<u>2019</u>			<u>Final Budget</u>	<u>2018</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>	<u>Actual</u> <u>Amounts</u>
EXPENDITURES					
Buildings and improvements	81,010	81,010	51,115	29,895	700
Equipment	65,458	92,468	70,008	22,460	12,347
Other	-	-	2,500	(2,500)	-
Contingency	40,716	13,705	-	13,705	-
Total expenditures	<u>187,184</u>	<u>187,183</u>	<u>123,623</u>	<u>63,560</u>	<u>13,047</u>
EXCESS (DEFICIENCY) OF REVENUES					
OVER EXPENDITURES	<u>(187,184)</u>	<u>(187,183)</u>	<u>(123,623)</u>	<u>63,560</u>	<u>(13,047)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	187,183	187,183	1,075,000	887,817	350,000
Total other financing sources (uses)	<u>187,183</u>	<u>187,183</u>	<u>1,075,000</u>	<u>887,817</u>	<u>350,000</u>
NET CHANGE IN FUND BALANCES	<u>(1)</u>	<u>-</u>	<u>951,377</u>	<u>951,377</u>	<u>336,953</u>
FUND BALANCES, BEGINNING			<u>1,392,383</u>		<u>1,055,430</u>
FUND BALANCES, ENDING			<u>2,343,760</u>		<u>1,392,383</u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2019

	<u>Special Revenue Fund</u>		<u>Total Non-Major Governmental Funds</u>
	<u>Food Service Fund</u>	<u>Royalty Fund</u>	
ASSETS			
Due from other funds	34,807	516,729	551,536
Inventories	40,057	-	40,057
Total assets	<u>74,864</u>	<u>516,729</u>	<u>591,593</u>
LIABILITIES			
Accrued salaries	7,314	-	7,314
Total liabilities	<u>7,314</u>	<u>-</u>	<u>7,314</u>
FUND BALANCES			
Non-spendable			
Inventories	40,057	-	40,057
Committed:			
Food service	27,492	-	27,492
Capital projects	-	516,730	516,730
Total fund balances	<u>67,549</u>	<u>516,730</u>	<u>584,279</u>
Total liabilities and fund balances	<u>74,863</u>	<u>516,730</u>	<u>591,593</u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds		Total
	Food Service Fund	Royalty Fund	Non-Major Governmental Funds
REVENUES			
Federal income	401,878	-	401,878
State income	10,101	-	10,101
Other revenue	83,449	127,672	211,121
Total revenues	<u>495,428</u>	<u>127,672</u>	<u>623,100</u>
EXPENDITURES			
Food service	565,575	-	565,575
Capital outlay	-	1,331	1,331
Total expenditures	<u>565,575</u>	<u>1,331</u>	<u>566,906</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(70,147)</u>	<u>126,341</u>	<u>56,194</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	100,000	-	100,000
Total other financing sources (uses)	<u>100,000</u>	<u>-</u>	<u>100,000</u>
NET CHANGE IN FUND BALANCES	29,853	126,341	156,194
FUND BALANCES, BEGINNING	<u>37,696</u>	<u>390,389</u>	<u>428,085</u>
FUND BALANCES, ENDING	<u><u>67,549</u></u>	<u><u>516,730</u></u>	<u><u>584,279</u></u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Food Services Fund
Schedule of Revenues, Expenditures and Changes in Net Position
Assets - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for 2018)

	<u>2019</u>			<u>Final Budget</u>	<u>2018</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
	<u>Budget</u>	<u>Budget</u>	<u>Amounts</u>	<u>Positive</u>	<u>Amounts</u>
				<u>(Negative)</u>	
REVENUES					
Food sales	105,545	103,500	83,449	(20,051)	90,967
Federal reimbursement	327,397	327,397	401,878	74,481	345,211
State reimbursement	3,800	5,845	10,101	4,256	7,982
Total revenues	<u>436,742</u>	<u>436,742</u>	<u>495,428</u>	<u>58,686</u>	<u>444,160</u>
EXPENDITURES					
Food service	533,542	533,542	565,575	(32,033)	585,310
Capital outlay	3,200	3,200	-	3,200	-
Total expenditures	<u>536,742</u>	<u>536,742</u>	<u>565,575</u>	<u>(28,833)</u>	<u>585,310</u>
EXCESS (DEFICIENCY) OF					
REVENUES OVER EXPENDITURES	<u>(100,000)</u>	<u>(100,000)</u>	<u>(70,147)</u>	<u>29,853</u>	<u>(141,150)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	100,000	100,000	100,000	-	125,000
Total other financing sources (uses)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>125,000</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>29,853</u>	<u>29,853</u>	<u>(16,150)</u>
TOTAL NET POSITION, BEGINNING			<u>37,696</u>		<u>53,846</u>
TOTAL NET POSITION, ENDING			<u><u>67,549</u></u>		<u><u>37,696</u></u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Royalty Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for 2018)

	2019			Final Budget	2018
	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)	Actual Amounts
REVENUES					
Other sources	496,607	496,607	127,672	(368,935)	139,598
Total revenues	<u>496,607</u>	<u>496,607</u>	<u>127,672</u>	<u>(368,935)</u>	<u>139,598</u>
EXPENDITURES					
Direct instruction	-	3,800	-	3,800	-
General administration	-	188	-	188	-
Support services	447,107	415,607	-	415,607	-
Custodial and maintenance	-	600	-	600	-
Capital outlay	-	26,913	1,331	25,582	132,784
Total expenditures	<u>447,107</u>	<u>447,108</u>	<u>1,331</u>	<u>445,777</u>	<u>132,784</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>49,500</u>	<u>49,499</u>	<u>126,341</u>	<u>76,842</u>	<u>6,814</u>
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(49,500)	(49,500)	-	49,500	(30,000)
Total other financing sources (uses)	<u>(49,500)</u>	<u>(49,500)</u>	<u>-</u>	<u>49,500</u>	<u>(30,000)</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>(1)</u>	<u>126,341</u>	<u>126,342</u>	<u>(23,186)</u>
FUND BALANCES, BEGINNING			390,389		413,575
FUND BALANCES, ENDING			<u>516,730</u>		<u>390,389</u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Schedule of Revenues, Expenditures, and Changes in Fiduciary
Assets and Liabilities - Budget and Actual (GAAP Basis)
Pupil Activity Agency Fund
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for 2018)

	<u>2019</u>			Final Budget Variance Positive (Negative)	<u>2018</u>
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
ADDITIONS					
Programs	350,000	350,000	303,447	(46,553)	307,266
Total additions	<u>350,000</u>	<u>350,000</u>	<u>303,447</u>	<u>(46,553)</u>	<u>307,266</u>
DEDUCTIONS					
Programs	350,000	350,000	281,048	68,952	289,534
Total deductions	<u>350,000</u>	<u>350,000</u>	<u>281,048</u>	<u>68,952</u>	<u>289,534</u>
CHANGE IN FIDUCIARY ASSETS AND LIABILITIES	<u>-</u>	<u>-</u>	22,399	<u>22,399</u>	17,732
DUE TO STUDENT ACTIVITIES, BEGINNING			<u>192,437</u>		<u>174,705</u>
DUE TO STUDENT ACTIVITIES, ENDING			<u>214,836</u>		<u>192,437</u>

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



Colorado Department of Education
Auditors Integrity Report
 District: 1220 - Garfield 16
 Fiscal Year 2018-19
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

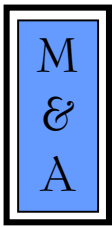
Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	2,939,536	13,654,346	13,104,356	3,489,525
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	2,939,536	13,654,346	13,104,356	3,489,525
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	390,389	127,672	1,331	516,729
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
21 Food Service Spec Revenue Fund	37,696	595,428	565,575	67,549
22 Govt Designated-Purpose Grants Fund	0	1,252,810	1,252,810	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	9,361,873	5,171,638	5,577,634	8,955,877
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	676,933	16,546	32,439	661,040
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	1,392,383	1,075,000	123,624	2,343,760
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	14,798,810	21,893,440	20,657,770	16,034,480
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	192,437	303,447	281,048	214,836
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	192,437	303,447	281,048	214,836

FINAL

Garfield County School District No. 16

Single Audit Reports and Schedules





MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Garfield County School District No. 16 (the "District") 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 and have issued our report thereon dated December 11, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Member: American Institute of Certified Public Accountants

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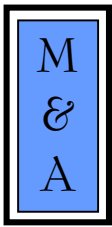
INDEPENDENT AUDITOR'S REPORT
To the Board of Education
Garfield County School District No. 16
Parachute, Colorado

Purpose of this Report

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
December 11, 2019



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Program

We have audited the compliance of the Garfield County School District No. 16 (the "District") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibilities

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibilities

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Member: American Institute of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT
To the Board of Education
Garfield County School District No. 16
Parachute, Colorado

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.

December 11, 2019

Garfield County School District No. 16
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

Part I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	None noted
Significant deficiency identified	None reported
Noncompliance material to financial statements noted	None noted

Federal Awards

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	None noted
Major programs:	
School Breakfast Program	CFDA# 10.553
National School Lunch Program	CFDA# 10.555
After School Snack Program	CFDA# 10.555
Food Distribution, Commodities	CFDA# 10.555
Dollar threshold used to identify Type A from Type B programs	\$750,000
Identified as low-risk auditee	No

Part II: Findings Related to Financial Statements

Findings related to financial statements as required by Government Auditing Standards	None noted
Auditor-assigned reference number	Not applicable

Part III: Findings Related to Federal Awards

Internal control findings	None noted
Compliance findings	None noted
Questioned costs	None noted

Garfield County School District No. 16
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

Note: There were no findings for the fiscal year ended June 30, 2018

Garfield County School District No. 16
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Project Code</u>	<u>Expenditures</u>
Department of Education:			
Passed through Colorado Department of Education:			
Title I - ESEA	84.010	4010	\$ 180,328
Title II A - Teacher Quality	84.367	4367	24,589
Title III Part A - English Language Acquisition	84.365	4365	13,667
Title IV - Small, Rural School Achievement	84.358	4358/6358	4,463
21st Century After School Learning Program	84.287	5287	104,451
Total Department of Education			<u>327,498</u>
Department of Agriculture:			
Passed through Colorado Department of Education:			
School Breakfast Program	10.553	4553	157,479 A
National School Lunch Program	10.555	4555	217,348 A
Passed through Colorado Department of Human Services:			
Food Distribution, Commodities	10.555	4555	29,934 A
Passed through Garfield County Colorado:			
Schools and Roads - Grants to States	10.665	7665	25,523 B
Total Department of Agriculture			<u>430,284</u>
Total Expenditures			<u>\$ 757,782</u>

Additional Information for Clusters:

A Child Nutrition Cluster	\$ 404,761
B Forest Service Schools and Roads Cluster	25,523

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2019

Note 1. Basis of Presentation:

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Garfield School District No. 16 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the general purpose financial statements.

Note 2. Determining the Value of Non-cash Awards Expended:

Food Commodities: Fair market value of commodities at the time recipient receives award or the assessed value provided by the federal agency.

Note 3. Indirect Facilities and Administration Costs

The District does not use the 10% de minimis cost rate allowed in Title 2 U.S. Code of Federal Regulations (CFR) Part 200.414, Indirect (F&A) costs. Instead, the District prepares an annual cost allocation plan to allocate indirect costs.

Note 4. Sub recipients:

The District had no sub-recipients as of June 30, 2019