

**GENOA-HUGO SCHOOL DISTRICT NO. C-113  
HUGO, COLORADO**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2019**

**GENOA-HUGO SCHOOL DISTRICT NUMBER C-113**

**HUGO, COLORADO**

**ROSTER OF SCHOOL OFFICIALS**

**JUNE 30, 2019**

**BOARD OF EDUCATION**

Terry Graham - President  
Robert Kraxberger - Vice President  
Julia Boger - Secretary  
Vicky Miller - Treasurer  
Mark Hollowell - Member

**ADMINISTRATIVE STAFF**

Randy Holmen  
Superintendent of Schools

Kara Emmerling  
Business Manager

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## FINANCIAL SECTION

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Required Supplementary Information)

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**Required Supplementary Information (RSI)**  
**June 30, 2019**

The discussion and analysis of Genoa-Hugo School District No. C-113's (the "District") financial performance provides an overall review of the district's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements, financial statement footnotes, budgetary comparison schedules and additional supplementary information to broaden their understanding of the District's financial performance.

**Financial Highlights**

The District's fund balance in the general fund exceeds the three months of operating expenditures for the year ending June 30, 2019. This is a continual goal for the district.

**Using the Basic Financial Statements**

The basic financial statements consist of the Management Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can first understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. Both provide long and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail. The governmental fund statements tell how general District services were financed in the short term as well as what remains for future spending. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

**Financial Analysis of the District as a Whole**

The District's total net position was \$2,967,988 as of June 30, 2019. The District has a negative unrestricted net position of \$3,456,535 this is a result of the inclusion of the PERA liability of \$3,506,147 as described in the Notes to the Financial Statements.

## Government-Wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private businesses. The statements of net position include all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. The change in net position is important because it tells the reader that for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of various factors, some financial, some not. Non-financial factors include facility conditions and required educational programs.

In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct kinds of activities:

Governmental Activities – The majority of the District's programs and services are reported here including instruction, support services, operations and maintenance of plant, pupil transportation and extracurricular activities.

A condensed summary of the District's Net Position is as follows:

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Current Assets	\$ 3,845,183	\$ 3,368,897
Other Assets	<u>10,259,345</u>	<u>10,520,011</u>
Total Assets	<u>14,104,528</u>	<u>13,888,908</u>
Deferred Outflows of Financial Resources	<u>1,628,548</u>	<u>2,584,745</u>
Current Liabilities	341,090	242,568
Long-Term Liabilities	<u>8,900,039</u>	<u>13,526,758</u>
Total Liabilities	<u>9,241,129</u>	<u>13,769,326</u>
Deferred Inflows of Financial Resources	<u>3,523,959</u>	<u>944,555</u>
Net Investment in Capital Assets	5,234,019	5,186,127
Restricted Net Position	1,190,504	1,102,452
Unrestricted Net Position	<u>(3,456,535)</u>	<u>(4,528,807)</u>
<b>Total Net Position (Deficit)</b>	<b><u>\$ 2,967,988</u></b>	<b><u>\$ 1,759,772</u></b>

Most of the District's net position is invested in capital assets (buildings, land, and equipment). The remaining net position is a combination of restricted and unrestricted amounts. The restricted balances are primarily amount legally restricted to finance future purchases or capital projects as planned by the District for debt repayment and by statute.

A condensed Statement of Activities and Changes in Net position is as follows:

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
<b>Program Revenues:</b>		
Charges for Services	\$ 53,895	\$ 47,609
Operating Grants	196,419	234,398
Capital Grants	(196,181)	(153,902)
Total Program Revenues	<u>54,133</u>	<u>128,105</u>
<b>General Revenues:</b>		
Taxes	1,815,124	1,789,343
State Equalization	1,193,566	862,711
Investment Income	5,114	4,268
Miscellaneous	60,956	28,727
Total General Revenues	<u>3,074,760</u>	<u>2,685,049</u>
<b>Total Revenues</b>	<u>3,128,893</u>	<u>2,813,154</u>
<b>Expenses</b>		
Instruction	1,132,326	2,388,258
Supporting Services	777,393	1,297,303
Interest on Long Term Debt	155,207	165,895
<b>Total Expenses</b>	<u>2,064,926</u>	<u>3,851,456</u>
<b>Change in Net Position</b>	<u>1,063,967</u>	<u>(1,038,302)</u>
<b>Net Position - Beginning</b>	1,759,772	2,798,074
<b>Prior Period Restatement</b>	144,249	-
<b>Net Position - Beginning (Restated)</b>	<u>1,904,021</u>	<u>2,798,074</u>
<b>Net Position (Deficit) - Ending</b>	<u>\$ 2,967,988</u>	<u>\$ 1,759,772</u>

The District's primary revenue source is per pupil funding which is a combination of State Equalization and local property taxes. The District's per pupil funding and total governmental activity revenues remained relatively stable for the 2019 fiscal year. Overall, there was an increase in revenue generated at the state levels and an increase at the local level.

Total expenditures from governmental activities decreased \$1,786,530 from the previous year. While revenues increased \$315,739.

### Reporting the District's Most Significant Funds

The analysis of the District's major funds begins on page 4. Fund financial reports provide detailed information about the District's major funds. The District's major funds are the General, and Bond Redemption Funds.

**Governmental Funds.** Most of District's activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs.

The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements of the Governmental Funds. The District's major governmental funds consist of the General, Bond Redemption and Capital Reserve Projects Funds. The General Fund accounts for the majority of the District's instruction and support operations. The Bond Redemption Fund accounts for the repayment of the District's general obligation debt and the Capital Reserve Projects Fund accounts for the District's routine capital projects.

**Fiduciary Funds.** Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The District's fiduciary funds are the Pupil Activity Fund and Scholarship Fund. The Pupil Activity Fund and Scholarship Fund generally accounts for student generated or scholarship revenues and expenditures related to non-classroom activities.

### **Fund Financial Statements**

As of June 30, 2019, the District's governmental funds reported a combined fund balance of \$3,516,661 which is an increase of \$378,145 from the June 30, 2018 balance. The following is additional information by fund which contributed to the change.

General Fund revenues increased \$396,909, primarily due to an increase in state and local revenues. General Fund expenditures increased \$202,035 with most of the increase in instruction expenditures. The ending fund balance for the general fund was \$2,397,994.

Bond Redemption Fund revenues increased \$3,638, while the total fund balance increased \$85,447 primarily to due to collecting more in taxes that sufficient funds are already collected to pay the bond installments. The repayment of the older bonds is scheduled for the year 2019, while the new debt matures in 2033.

### **Capital Assets**

As of June 30, 2019, the District had \$1,431,197 invested in a broad range of governmental capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deletions, and depreciation) of \$69,870 which is primarily represented by the district's overall depreciation and deletions.

A summary of the District's capital assets is as follows:

	<u>Balance 6/30/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/19</u>
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 7,027	\$ -	\$ 7,027
Capital assets being depreciated:				
Buildings	2,607,293	48,183	3,662	2,651,814
Equipment	117,931	-	-	117,931
Transportation equipment	<u>464,980</u>	<u>-</u>	<u>-</u>	<u>464,980</u>
Total capital assets being depreciated	<u>3,190,204</u>	<u>48,183</u>	<u>3,662</u>	<u>3,234,725</u>
Accumulated Depreciation				
Buildings	(1,428,283)	(83,615)	(2,841)	(1,509,057)
Equipment	(58,781)	(8,153)	-	(66,934)
Transportation equipment	<u>(207,458)</u>	<u>(27,106)</u>	<u>-</u>	<u>(234,564)</u>
Total accumulated depreciation	<u>(1,694,522)</u>	<u>(118,874)</u>	<u>(2,841)</u>	<u>(1,810,555)</u>
<b>Net Capital Assets</b>	<b><u>\$ 1,495,682</u></b>	<b><u>\$ (70,691)</u></b>	<b><u>\$ 821</u></b>	<b><u>\$ 1,431,197</u></b>

The District does not maintain separate infrastructure assets as all infrastructure has been included with the related capital asset.

### Long-Term Liabilities

The following is a summary of the District's outstanding long term liabilities:

	<u>Balance at July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2019</u>	<u>Due within One Year</u>
General obligation bonds, Series 2012	\$ 5,302,110	\$ -	\$ 284,953	\$ 5,017,157	\$ 293,519
General obligation bonds, Series 2009	20,000	-	20,000	-	-
Capital Leases Payable	11,774	-	3,605	8,169	3,806
PERA Net Pension Liability	7,992,191	-	4,320,287	3,671,904	-
PERA Net OPEB Liability	182,508	881	-	183,389	-
Accrued compensated absences	<u>18,175</u>	<u>1,245</u>	<u>-</u>	<u>19,420</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 13,526,758</u></b>	<b><u>\$ 2,126</u></b>	<b><u>\$ 4,628,845</u></b>	<b><u>\$ 8,900,039</u></b>	<b><u>\$ 297,325</u></b>

The change in liability balances from June 30, 2018 to 2019 reflects principal payments made during the fiscal year as well as actuarially determined adjustments required for the District's pension plan. Additional information regarding the District's liabilities can be found in Note 6 to the financial statements on page 20.

### General Fund Budget

The Board of Education adopts the District's budget in June of each year. Changes are then made in October when student enrollment is finalized. The adoption of supplemental budgets is allowed throughout the year when unanticipated additional revenues are received.

## **The Future of the District**

For fiscal year 2019, the District will continue to maintain a minimum of three months operating expenditures. We will continue expenditures for the transportation fleet.

## **Requests for Information**

This financial report is designed to provide a general overview of the Genoa-Hugo School District No. C-113's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Superintendent and/or Business Manager, P O Box 247, Hugo, Colorado 80821.

# Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants  
Governmental Audit Quality Center  
and Private Company Practice Section

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Board of Education  
Genoa-Hugo School District No. C-113  
Hugo, Colorado

## Independent Auditors' Report

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the related notes to the financial statements of the Genoa-Hugo School District No. C-113, Colorado, as of and for the year ended June 30, 2019, which collectively comprise the basic financial statements of the District, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Genoa-Hugo School District No. C-113, Colorado, as of June 30, 2019, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Emphasis of a Matter

As discussed in Note 16 to the financial statements, the 2018 financial statements have been restated to reflect the inclusion of deferred outflows and inflows in the net proportion change for the PERA pension plan. These restatements impacted the governmental activities. Our opinion is not modified with respect to this matter.

**Report on Summarized Comparative Information**

We have previously audited the Genoa-Hugo School District No. C-113's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 9, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Matters**

***Required Supplementary Information – Management Discussion and Analysis and Pension Schedules (Unaudited)***

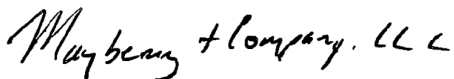
Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1 - M6 and pension schedules on pages 46 - 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial 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.

***Required Supplementary Information – Budgetary Comparison Schedule and Other Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 50 - 52 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. In addition, the combining and individual fund schedules on pages 53 - 60 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. 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 basic 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 as a whole.

**Report on Other Legal and Regulatory Requirements**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Colorado Department of Education Auditors' Electronic Financial Data Integrity Check Figures and Bolded Balance Sheet reports pages 61 - 64 are presented for state regulatory compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



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## **BASIC FINANCIAL STATEMENTS**

The Basic Financial Statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all government-wide and fund level activity as of June 30, 2019.

GENOA-HUGO SCHOOL DISTRICT NO. C-113

Statement of Net Position

June 30, 2019

	<b>Governmental Activities</b>
	<u>                    </u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>	
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Investments	\$ 3,782,200
Cash with Fiscal Agent	653
Taxes Receivable	35,044
Grants Receivable	9,946
Other Accounts Receivable	16,044
Inventory	<u>1,296</u>
<b>Total Current Assets</b>	<u>3,845,183</u>
<b>Noncurrent Assets</b>	
Capital Assets, not being depreciated	7,027
Capital Assets, being depreciated	1,424,170
Long-Term BEST Grant Receivable	<u>8,828,148</u>
<b>Total Noncurrent Assets</b>	<u>10,259,345</u>
<b>TOTAL ASSETS</b>	<u>14,104,528</u>
<b>DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>	
Net Deferred Outflows Pensions	1,617,261
Net Deferred Outflows OPEB	<u>11,287</u>
<b>TOTAL DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>	<u>1,628,548</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 15,733,076</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 16,748
Accrued Interest	12,568
Accrued Salaries & Benefits	228,712
Payroll Taxes & Deductions Payable	19,952
Unearned Revenue	1,594
Unearned Revenue - Grants	<u>61,516</u>
<b>Total Current Liabilities</b>	<u>341,090</u>
<b>Noncurrent Liabilities</b>	
Due Within One Year	297,325
Due In More Than One Year	<u>8,602,714</u>
<b>Total Noncurrent Liabilities</b>	<u>8,900,039</u>
<b>TOTAL LIABILITIES</b>	<u>9,241,129</u>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>	
Net Deferred Inflows Pensions	3,506,147
Net Deferred Inflows OPEB	<u>17,812</u>
<b>TOTAL DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>	<u>3,523,959</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	5,234,019
Restricted Net Position	1,190,504
Unrestricted Net Position	<u>(3,456,535)</u>
<b>TOTAL NET POSITION</b>	<u>2,967,988</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 15,733,076</u>

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

GENOA-HUGO SCHOOL DISTRICT NO. C-113

Statement of Activities

For the Year Ended June 30, 2019

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense)</u>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Capital Grants</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>and</u>	<u>Change in Net</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Position</u>
					<u>Governmental</u>
					<u>Activities</u>
<b>Primary Government</b>					
<b>Governmental Activities</b>					
Instruction	\$ 1,132,326	\$ 22,788	\$ 97,582	\$ -	\$ (1,011,956)
Supporting Services	777,393	31,107	98,837	(196,181)	(843,630)
Interest on Long Term Debt	155,207	-	-	-	(155,207)
<b>Total Primary Government</b>	<u>\$ 2,064,926</u>	<u>\$ 53,895</u>	<u>\$ 196,419</u>	<u>\$ (196,181)</u>	<u>(2,010,793)</u>
<b>General Revenues</b>					
Property Taxes					1,659,419
Specific Ownership Taxes					155,705
State Equalization					1,193,566
Investment Earnings					5,114
Gain (Loss) on Capital Asset Disposals					(821)
Insurance Proceeds					3,802
Other Revenues					57,975
<b>Total General Revenues and Transfers</b>					<u>3,074,760</u>
<b>Change in Net Position</b>					<u>1,063,967</u>
<b>Beginning Net Position</b>					1,759,772
Prior Period Restatement					144,249
<b>Beginning Net Position (As Restated)</b>					<u>1,904,021</u>
<b>Ending Net Position</b>					<u>\$ 2,967,988</u>

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

GENOA-HUGO SCHOOL DISTRICT NO. C-113  
 Balance Sheet  
 Governmental Funds  
 June 30, 2019  
 (With Comparative Totals for June 30, 2018)

	General Fund	Debt Service	Capital Projects	Other Governmental Funds	Totals	
		Bond	Capital Reserve		2019	2018
		Redemption Fund	Project Fund			
<b>ASSETS</b>						
Cash and Investments	\$ 2,600,510	\$ 1,039,736	\$ 91,570	\$ 50,384	\$ 3,782,200	\$ 3,296,934
Cash with Fiscal Agent	456	197	-	-	653	2,116
Taxes Receivable	24,512	10,532	-	-	35,044	21,046
Grants Receivable	9,946	-	-	-	9,946	14,557
Other Accounts Receivable	16,044	-	-	-	16,044	3,520
Inventory	-	-	-	1,296	1,296	292
Prepaid Expenses	-	-	-	-	-	30,432
<b>TOTAL ASSETS</b>	<u>\$ 2,651,468</u>	<u>\$ 1,050,465</u>	<u>\$ 91,570</u>	<u>\$ 51,680</u>	<u>\$ 3,845,183</u>	<u>\$ 3,368,897</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>						
<b>Liabilities</b>						
Accounts Payable	15,094	-	-	1,655	16,748	11,312
Accrued Salaries & Benefits	218,428	-	-	10,283	228,712	216,412
Payroll Taxes & Deductions Payable	19,952	-	-	-	19,952	-
Unearned Revenue	-	-	-	1,594	1,594	1,149
Unearned Revenue - Grants	-	-	61,516	-	61,516	1,508
<b>Total Liabilities</b>	<u>253,474</u>	<u>-</u>	<u>61,516</u>	<u>13,532</u>	<u>328,522</u>	<u>230,381</u>
<b>Fund Balance</b>						
Nonspendable Fund Balance	-	-	-	1,296	1,296	292
Restricted Fund Balance						
Restricted for Debt Service	-	1,050,465	-	-	1,050,465	965,018
Restricted for TABOR Emergencies	97,000	-	-	-	97,000	73,000
Restricted for Colorado Preschool Program	3,382	-	-	-	3,382	30,341
Restricted BEST Reserve	-	-	38,361	-	38,361	34,093
Committed Fund Balance						
Committed for Fund Purposes	-	-	-	37,576	37,576	28,762
Assigned Fund Balance						
Assigned for Fund Purpose	-	-	-	-	(724)	26,335
Unassigned Fund Balance	2,297,612	-	(8,307)	(724)	2,289,305	1,980,675
<b>Total Fund Balance</b>	<u>2,397,994</u>	<u>1,050,465</u>	<u>30,054</u>	<u>38,148</u>	<u>3,516,661</u>	<u>3,138,516</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<u>\$ 2,651,468</u>	<u>\$ 1,050,465</u>	<u>\$ 91,570</u>	<u>\$ 51,680</u>	<u>\$ 3,845,183</u>	<u>\$ 3,368,897</u>

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

**GENOA-HUGO SCHOOL DISTRICT NO. C-113**  
**Reconciliation of Governmental Fund Balances**  
**to Governmental Activities Net Position**  
**June 30, 2019**

Fund Balance - Governmental Funds	\$	3,516,661
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Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds

Capital assets, not being depreciated	\$	7,027	
Capital assets, being depreciated		3,234,725	
Accumulated depreciation		<u>(1,810,555)</u>	1,431,197

Certain long-term assets are not available to pay for current year expenditures and are therefore deferred in the funds

Long-Term BEST Grant Receivable	8,828,148
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Certain long-term pension and OPEB related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds

**PERA Pension**

Net pension deferred outflows	1,617,261	
Net pension liability	(3,671,904)	
Net pension deferred inflows	<u>(3,506,147)</u>	(5,560,790)

**PERA Health Care Trust Fund (OPEB)**

Net OPEB deferred outflows	11,287	
Net OPEB liability	(183,389)	
Net OPEB deferred inflows	<u>(17,812)</u>	(189,914)

Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.

Bonds payable	(5,017,157)	
Capital leases payable	(8,169)	
Accrued interest payable	(12,568)	
Accrued compensated absences	<u>\$ (19,420)</u>	<u>(5,057,314)</u>

Total Net Position - Governmental Activities	<u>\$</u>	<u>2,967,988</u>
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The accompanying footnotes are an integral part of these financial statements.

GENOA-HUGO SCHOOL DISTRICT NO. C-113  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
For the Year Ended June 30, 2019  
(With Comparative Totals for the Year Ended June 30, 2018)

	Debt Service		Capital Projects		Totals	
	General Fund	Bond Redemption Fund	Capital Reserve Project Fund	Other Governmental Funds	2019	2018
<b>REVENUES</b>						
Local Sources	\$ 1,308,425	\$ 546,323	\$ 1,968	\$ 50,312	\$ 1,907,028	\$ 1,870,564
Intermediate Sources	58	-	-	-	58	328
State Sources	1,298,657	-	1,508	2,325	1,302,490	1,035,886
Federal Sources	59,935	-	-	56,384	116,319	103,174
<b>TOTAL REVENUES</b>	<u>2,667,075</u>	<u>546,323</u>	<u>3,476</u>	<u>109,021</u>	<u>3,325,895</u>	<u>3,009,952</u>
<b>EXPENDITURES</b>						
Instruction	1,480,158	-	-	32,919	1,513,077	1,368,275
Pupil Support	48,141	-	-	-	48,141	60,303
Staff Support	7,880	-	-	-	7,880	8,841
General Administration	126,021	500	-	-	126,521	124,090
School Administration	147,104	-	-	-	147,104	129,401
Business Services	92,613	-	-	-	92,613	89,837
Operations and Maintenance	260,311	-	-	-	260,311	226,121
Transportation	92,499	-	-	-	92,499	177,530
Risk Management	58,124	-	-	-	58,124	53,066
Food Service	-	-	-	106,008	106,008	100,521
Facilities	-	-	30,939	-	30,939	15,000
Debt Service	4,157	460,376	-	-	464,533	566,969
<b>TOTAL EXPENDITURES</b>	<u>2,317,008</u>	<u>460,876</u>	<u>30,939</u>	<u>138,927</u>	<u>2,947,750</u>	<u>2,919,954</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	350,067	85,447	(27,463)	(29,906)	378,145	89,998
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer In (Out) - net	(39,000)	-	-	39,000	-	-
<b>CHANGE IN FUND BALANCE</b>	311,067	85,447	(27,463)	9,094	378,145	89,998
<b>BEGINNING FUND BALANCE</b>	<u>2,086,927</u>	<u>965,018</u>	<u>57,517</u>	<u>29,054</u>	<u>3,138,516</u>	<u>3,048,518</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 2,397,994</u>	<u>\$ 1,050,465</u>	<u>\$ 30,054</u>	<u>\$ 38,148</u>	<u>\$ 3,516,661</u>	<u>\$ 3,138,516</u>

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

**GENOA-HUGO SCHOOL DISTRICT NO. C-113**  
**Reconciliation of Governmental Changes in Fund Balance**  
**to Governmental Activities Change in Net Position**  
**For the Year Ended June 30, 2019**

Change in Fund Balance - Governmental Funds	\$	378,145	
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level			
Capitalized Asset Purchases	\$	55,210	
Depreciation Expense		(118,874)	
Gain (Loss) on Asset Disposals		<u>(821)</u>	(64,485)
The long term BEST grant receivable is being amortized due to depreciation on the underlying building that is the basis of grant.			
Amortization of BEST grant receivable			(196,181)
Pension and OPEB expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.			
<b>PERA Pension</b>			
Change in deferred pension outflows		(960,909)	
Change in net pension liability		4,320,287	
Change in deferred pension inflows		<u>(2,721,306)</u>	638,072
<b>PERA Health Care Trust Fund (OPEB)</b>			
Change in deferred OPEB outflows		4,712	
Change in net OPEB liability		(881)	
Change in deferred OPEB inflows		<u>(3,496)</u>	335
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level			
Principal payments on bonds payable		304,953	
Principal payments on capital leases		3,605	
Change in accrued interest payable		768	
Change in accrued compensated absences	\$	<u>(1,245)</u>	<u>308,081</u>
Change in Net Position - Governmental Activities	\$		<u><u>1,063,967</u></u>

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

GENOA-HUGO SCHOOL DISTRICT NO. C-113  
 Statement of Fiduciary Net Position  
 Fiduciary Funds  
 Pupil Activity Fund  
 June 30, 2019  
 (With Comparative Totals for June 30, 2018)

	Scholarship Agency Fund	Pupil Activity Agency Fund	Totals	
			2019	2018
<b>ASSETS</b>				
Cash and Investments	\$ 1,806	\$ 58,113	\$ 59,919	\$ 50,308
<b>NET POSITION</b>				
Restricted Net Position (Due to Student Groups)	\$ 1,806	\$ 58,113	\$ 59,919	\$ 50,308

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

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Genoa-Hugo School District No. C-113 (the District) conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies:

**Reporting Entity**

In evaluating how to define the government, for financial reporting purposes, the District's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board ("GASB") Statement No. 14, "The Financial Reporting Entity."

Based upon the application of these criteria, no additional organizations are includable within the District's reporting entity.

**Jointly Governed Organizations**

The District is a participant among fourteen districts in a jointly governed organization to operate the East Central Board of Cooperative Educational Services (BOCES). The BOCES was formed for the purpose of administrative functions among member districts for special education and federal grants. The BOCES is governed by a board of directors consisting of a member of the board of education and the superintendent from each of the participating members. The District does not have an ongoing financial interest in or ongoing financial responsibility for the BOCES. Financial statements for the BOCES can be obtained from the BOCES administrative offices at: 820 2nd Street, P.O. Box 910, Limon, CO 80828-0910. The District paid total assessments of \$80,957 to the BOCES for the year ended June 30, 2019.

**Basis of Presentation**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information of the District as a whole. The reporting information includes all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues are presented as general revenues.

**Fund Financial Statements**

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. The fiduciary funds are presented separately.

The District reports the following major governmental funds:

General Fund – This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service (Bond Redemption) – This fund is used to account for the repayment of the District's general obligation indebtedness.

Capital Project (Capital Reserve) – This fund accounts for the District's routine capital projects.

In addition, the District reports the following nonmajor governmental funds:

Special Revenue (Food Service and Athletic) Funds – These funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are restricted to expenditures for specified purposes.

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus and Basis of Accounting**

The District reports the following fiduciary funds:

Agency Funds (Pupil Activity and Scholarship Funds) – These funds are used to account for the money held in trust by the District for student organizations and for scholarships. These funds are custodial and do not measure the results of operations.

**Government-Wide Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the same time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**Governmental Fund Financial Statements**

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available as allowed by the per pupil operating revenue formula approved by the State legislature or within sixty days after year end. These revenues could include federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred. Expenditures are recorded when the related fund liability is incurred, except for 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. Acquisitions under capital leases are reported as other financing sources.

**Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year end.

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budgets and Budgetary Accounting (Continued)**

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

- Budgets are required by state law for all funds. By May 31, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Budgets are required to be filed with the Commissioner of Education within thirty days after the beginning of the fiscal year.
- Budgets may be revised until January 31st of the budget year.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted and amended by the Board of Education.
- Encumbrance accounting is not utilized.

**Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance**

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

Inventories – Inventory of the proprietary fund is valued at the lower of cost (first-in, first-out) or market.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance**  
(Continued)

Capital Assets – Capital assets used in governmental activities operations are shown on the government-wide financial statements. These assets are not shown in the governmental funds and are therefore listed as a reconciling item between the two presentations. Property and equipment acquired or constructed for governmental fund operations are recorded as expenditures in the fund making the disbursement and capitalized at cost in the government-wide presentation. No depreciation has been provided on capital assets in the governmental funds.

Property and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Depreciation has been provided over the estimated useful lives of the asset in the government-wide presentation as well as in the proprietary fund. Depreciation is calculated using the straight-line method over the following useful lives:

Buildings and Site Improvements	10-80 years
Vehicles	10-25 years
Other Equipment	5-15 years

Taxes Receivable – Property taxes are recognized as revenue in the year in which they are intended to finance operating expenses, pursuant to the Colorado school district funding formula. As 2018 property taxes were both measurable and available at June 30, 2019, the District has recognized a receivable (net of uncollectible portion) for property taxes levied January 1, 2019 but not collected by June 30, 2019.

Accumulated unpaid sick and vacation and other pay are serviced from other revenues in the General Fund. These liabilities are only recorded on the government-wide financial statements as they are not expected to be financed from current resources. At June 30, 2019, the District has recorded accrued leave as disclosed in Note 6.

Long-Term Debt – The District’s general obligation bonds are accounted for in the Bond Redemption Fund. Principal repayments are shown as expenditures in the fund level financial statements. The District’s capital leases are paid through the General Fund and are shown as expenditures in that fund.

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance**  
(Continued)

For the government-wide presentation, principal payments are reclassified as reductions in the outstanding obligation balances.

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has several items that qualify for reporting in this category, all related to outstanding pension and OPEB obligations and further described in Note 7 and 9.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows related to pension liabilities and OPEB liabilities as further described in Note 7 and 9.

Net Position/Fund Balances - In the government-wide financial statements and for the proprietary fund statements, net position are either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as "nonspendable" include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balance are reported as "restricted" when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Education, and at their highest level of action are reported as "committed" fund balance.

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance**  
(Continued)

Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as "assigned" fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All other remaining governmental balances are reported as unassigned.

**Net Position/ Fund Balance and Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Revenues and Expenditures/Expenses**

Revenues and Expenditures/Expenses – Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees, and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

Property Tax Revenues – Property taxes are levied on December 15 based on the assessed value of property as certified by the county assessor on August 17. Assessed values are an approximation of market value. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November.

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Comparative Data**

Comparative total data for the prior year has been presented in the accompanying basic financial statements in order to provide an understanding of changes in the District’s financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

**NOTE 2: CASH AND INVESTMENTS**

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

Deposits	\$ 3,841,819
Cash on hand	<u>300</u>
<b>Total</b>	<b><u>\$ 3,842,119</u></b>
Government-wide - unrestricted	\$ 3,782,200
Fiduciary	<u>59,919</u>
<b>Total</b>	<b><u>\$ 3,842,119</u></b>

**Deposits**

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government’s deposits may not be returned to it. The District’s deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution’s internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

GENOA-HUGO SCHOOL DISTRICT NUMBER C-113

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**Deposits (Continued)**

Custodial Credit Risk – Deposits (Continued)

At June 30, 2019, all of the District’s deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

	<u>Bank</u> <u>Balance</u>	<u>Carrying</u> <u>Balance</u>
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Collateralized*	3,116,553	3,591,819
Cash on hand	<u>-</u>	<u>300</u>
<b>Total</b>	<b><u>\$ 3,366,553</u></b>	<b><u>\$ 3,842,119</u></b>

\*Not in District's name

**Investments**

Credit Risk

Colorado statutes specify which instruments units of local government 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 the U.S. local government entities
- Bankers’ acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The District’s investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above. For the fiscal year ended June 30, 2019, the District did not have any investments requiring disclosure.

Concentration of Credit Risk

The District places no limit on the amount that may be invested in any one issuer.

**GENOA-HUGO SCHOOL DISTRICT NUMBER C-113**

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2: CASH AND INVESTMENTS (Continued)**

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase unless authorized by the local board. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in state statutes.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2019, the District did not have any investments requiring safekeeping.

**NOTE 3: INVENTORIES**

Food Service Fund inventory of \$1,296 as of June 30, 2019, consisted of \$367 of purchased food. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

**NOTE 4: CAPITAL ASSETS**

Activity for capital assets is summarized below:

	<u>Balance</u> <u>6/30/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/19</u>
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 7,027	\$ -	\$ 7,027
Capital assets being depreciated:				
Buildings	2,607,293	48,183	3,662	2,651,814
Equipment	117,931	-	-	117,931
Transportation equipment	<u>464,980</u>	<u>-</u>	<u>-</u>	<u>464,980</u>
Total capital assets being depreciated	<u>3,190,204</u>	<u>48,183</u>	<u>3,662</u>	<u>3,234,725</u>
Accumulated Depreciation				
Buildings	(1,428,283)	(83,615)	(2,841)	(1,509,057)
Equipment	(58,781)	(8,153)	-	(66,934)
Transportation equipment	<u>(207,458)</u>	<u>(27,106)</u>	<u>-</u>	<u>(234,564)</u>
Total accumulated depreciation	<u>(1,694,522)</u>	<u>(118,874)</u>	<u>(2,841)</u>	<u>(1,810,555)</u>
<b>Net Capital Assets</b>	<b><u>\$ 1,495,682</u></b>	<b><u>\$ (70,691)</u></b>	<b><u>\$ 821</u></b>	<b><u>\$ 1,431,197</u></b>
Instruction		\$ 71,951		
Supporting services		<u>46,923</u>		
<b>Total depreciation</b>		<b><u>\$ 118,874</u></b>		

**GENOA-HUGO SCHOOL DISTRICT NUMBER C-113**

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4: CAPITAL ASSETS (Continued)**

The District capitalizes assets with an original value of at least \$5,000 and a useful life in excess of one year. Depreciation is computed on a straight-line basis over the expected use life of the underlying asset.

**NOTE 5: ACCRUED SALARIES AND BENEFITS**

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2019 is reflected as a liability in the respective funds in the accompanying financial statements as follows:

General Fund	\$ 218,428
Food Service Fund	<u>10,284</u>
<b>Total Accrued Salaries and Benefits</b>	<b><u>\$ 228,712</u></b>

**NOTE 6: LONG-TERM DEBT**

The following is a summary of long-term obligation transactions of the District for the year ended June 30, 2019:

	<b>Balance at</b>			<b>Balance at</b>	<b>Due within</b>
	<b>July 1, 2018</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2019</b>	<b>One Year</b>
General obligation bonds, Series 2012	\$ 5,302,110	\$ -	\$ 284,953	\$ 5,017,157	\$ 293,519
General obligation bonds, Series 2009	20,000	-	20,000	-	-
Capital Leases Payable	11,774	-	3,605	8,169	3,806
PERA Net Pension Liability	7,992,191	-	4,320,287	3,671,904	-
PERA Net OPEB Liability	182,508	881	-	183,389	-
Accrued compensated absences	<u>18,175</u>	<u>1,245</u>	-	<u>19,420</u>	-
<b>Total</b>	<b><u>\$ 13,526,758</u></b>	<b><u>\$ 2,126</u></b>	<b><u>\$ 4,628,845</u></b>	<b><u>\$ 8,900,039</u></b>	<b><u>\$ 297,325</u></b>

An interest summary of the District's long-term debt is as follows:

	<b>Accrued</b>	<b>Interest</b>	<b>Interest</b>
	<b>Interest</b>	<b>Paid</b>	<b>Expense</b>
General obligation bonds, Series 2012	\$ 12,568	\$ 155,093	\$ 154,380
General obligation bonds, Series 2009	-	330	275
Capital Leases Payable	-	<u>553</u>	<u>553</u>
<b>Total</b>	<b><u>\$ 12,568</u></b>	<b><u>\$ 155,976</u></b>	<b><u>\$ 155,208</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 6: LONG-TERM DEBT(Continued)**

**General Obligation Bonds**

In 2009, the District issued \$985,000 of general obligation bonds to refund bonds issued in 1999. Principal is due annually on December 1, and interest at rates from 1.50% to 3.30% is due semiannually on June 1 and December 1. The District realized \$45,385 of net present value savings on this refinancing. Payments are made through the Bond Redemption Fund of the District. This bond was paid off in full during the 2018-2019 fiscal year.

In 2013, the District issued \$6,609,572 of general obligation bonds which were used for an escrow match to a BEST grant received. These bonds, along with the grant proceeds, were used to partially replace District facilities. Principal is due annually on December 1, and interest at a rate of 3.02% is due semiannually on June 1, and December 1. Payments are made through the Building Fund of the District. Bond payments, to maturity, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 293,519	\$ 146,399	\$ 439,918
2021	302,341	137,444	439,785
2022	311,429	128,219	439,648
2023	320,791	118,717	439,508
2024	330,433	108,930	439,363
2025-2029	1,807,262	387,222	2,194,484
2030-2033	<u>1,651,382</u>	<u>101,115</u>	<u>1,752,497</u>
<b>Total</b>	<b><u>\$ 5,017,157</u></b>	<b><u>\$ 1,128,046</u></b>	<b><u>\$ 6,145,203</u></b>

**Capital Leases Payable**

In June of 2016, the District entered into a capital lease agreement for the purchase of two office copiers with maintenance agreements. The lease requires 60 monthly payments beginning August 2016 of \$346, including interest at 5.45%. In the event of default, the lessor will require the District to pay amounts due under the lease agreement. The lessor will require these payments to be made to the extent permitted by law and legally available funds. Future Capital Lease payments are as follows:

<u>Year</u>	<u>Total</u>
2020	\$ 4,157
2021	4,157
2022	<u>347</u>
Total Future Minimum Lease Payments	8,661
Less: Interest at 5.45%	<u>(492)</u>
<b>Present Value of Lease Payments</b>	<b><u>\$ 8,169</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**NOTE 7: DEFINED BENEFIT PENSION PLAN**

**Summary of Significant Accounting Policies**

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)**

**General Information about the Pension Plan**

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

*Benefits provided as of December 31, 2018.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 7: DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan** (Continued)

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

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

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

*Contributions 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 percent of their PERA-includable salary during the period of July 1, 2018 through June 30, 2019. Employer contribution requirements are summarized in the table below:

	January 1, 2018 Through December 31, 2018	January 1, 2019 Through June 30, 2019
Employer contribution rate	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%	-1.02%
Amount apportioned to the SCHDTF	9.13%	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	4.50%	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	5.50%	5.50%
<b>Total employer contribution rate to the SCHDTF</b>	<b>19.13%</b>	<b>19.13%</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)**

**General Information about the Pension Plan (Continued)**

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 non-employer 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 \$218,086 for the year ended June 30, 2019.

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

The net pension liability for the SCHDTF was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total pension liability to December 31, 2018. The District 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 non-employer contributing entity.

At June 30, 2019, the District reported a liability of \$3,671,904 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a non-employer 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 non-employer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ (3,671,904)
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	\$ (441,687)
Total	\$ (4,113,591)

At December 31, 2018, the District proportion was 0.02074 percent, which was a decrease of 0.00398 from its proportion measured as of December 31, 2017.

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 7: DEFINED BENEFIT PENSION PLAN** (Continued)

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

For the year ended June 30, 2019, the District recognized pension income of \$414,421 and revenue of \$29,820 for support from the State as a non-employer contributing entity. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 136,558	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 515,859	\$ (354,227)
Changes of assumptions or other inputs	\$ 850,319	\$ (2,283,529)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (1,094,286)
Contributions subsequent to the measurement date	\$ 114,525	\$ -
Total	\$ 1,617,261	\$ (3,732,042)

\$114,525 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Fiscal Year Totals
2020	\$ (490,431)
2021	(1,130,688)
2022	(717,669)
2023	109,482
Total	\$ (2,229,306)

*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:

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 7: DEFINED BENEFIT PENSION PLAN** (Continued)

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

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.90-9.70%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	4.78%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2% compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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 prior to 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)**

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

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

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

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

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

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

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:

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 7: DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)**

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law 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.
- As specified in law, the State will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 7: DEFINED BENEFIT PENSION PLAN** (Continued)

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

*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 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension asset (liability)	\$ (4,668,198)	\$ (3,671,904)	\$ (2,835,846)

*Pension plan fiduciary net position.* Detailed information about the SCHDTF’s fiduciary net position is available in PERA’s CAFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**NOTE 8: DEFINED CONTRIBUTION PENSION PLAN**

Voluntary Investment Program

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

*Funding Policy* – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2019 program members contributed \$5,001.

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**NOTE 9: OTHER POST-EMPLOYMENT BENEFITS**

Health Care Trust Fund

**Summary of Significant Accounting Policies**

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

**General Information about the OPEB Plan**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**NOTE 9: OTHER POST-EMPLOYMENT BENEFITS**

**General Information about the OPEB Plan**

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

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

*PERA Benefit Structure*

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**General Information about the OPEB Plan (Continued)**

*DPS Benefit Structure*

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$11,628 for the year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of \$183,389 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

At December 31, 2018, the District’s proportion was 0.01348 percent, which was a decrease of 0.00056 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$11,502. 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	Deferred Inflows
Net difference between expected and actual experience	\$ 694	\$ (280)
Net difference between projected and actual earnings on pension plan investments	\$ 3,253	\$ (2,290)
Changes of assumptions or other inputs	\$ 1,287	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (15,154)
Contributions subsequent to the measurement date	\$ 6,053	\$ -
Total	\$ 11,287	\$ (17,724)

\$6,053 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Fiscal Year Totals
2020	\$ (3,004)
2021	(3,004)
2022	(3,005)
2023	(2,241)
2024	(1,195)
2025	(41)
Total	\$ (12,490)

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

*Actuarial assumptions.* The total OPEB liability in the December 31, 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 increase, including wage inflation	3.50% in the aggregate
Long-term investment rate of return, net of pension 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% in 2025
DPS Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

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:

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

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

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

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

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

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

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

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

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

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

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

<b>Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates</b>			
	1% Decrease	Current Discount Rate	1% Increase
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%
Proportionate share of the net OPEB asset (liability)	\$ (178,325)	\$ (183,389)	\$ (189,214)

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, measurement date.
- 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (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%.

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

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Proportionate share of the net OPEB asset (liability)	\$ (205,197)	\$ (183,389)	\$ (164,746)

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

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

**NOTE 10: RISK MANAGEMENT**

**Property and Liability Coverage**

The District belongs to the Colorado School District Self Insurance Pool ("CSDSIP") that was formed in 1981 to give individual school districts more buying power and financial stability. By partnering with districts across the state, members gain better access to essential coverage at a competitive price, and more control over the entire risk management function. The coverage provided by CSDSIP is property, crime, general liability, auto liability and physical damage, and errors and omissions. CSDSIP became self-administered in 1997. The board of directors is comprised of nine persons who are district school board members, superintendents, or district business officials. Each member's premium contribution is determined by CSDSIP based on factors including, but not limited to, the aggregate CSDSIP claims, the cost of administrative and other operating expenses, the number of participants, operating and reserve fund adequacy, investment income and reinsurance expense and profit sharing. Reporting to the Division of Insurance, as well as an audit and actuarial study is conducted annually. These reports may be obtained by contacting the CSDSIP administrative offices at 6857 South Spruce Street, Centennial, CO 80112.

The District has not materially changed its coverage from previous years. The District has not recorded any liability for unpaid claims at June 30, 2019.

CSDSIP has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. The ultimate liability to the District resulting from claims not covered by the pool is not recently determinable. Management is of the opinion that the final outcome of such claims, of any, will not have a material adverse effect on the District's financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**NOTE 10: RISK MANAGEMENT (Continued)**

Workers Compensation

The District carries commercial insurance for worker's compensation coverage. Risk of loss transfers to the carrier.

Health Insurance

The District partially self-insured for employee health coverage in prior years. All potential claims from that coverage have now been settled. The District currently carries commercial insurance for employee health coverage with risk of loss transferred to the carrier. The District funds estimated claims on a monthly basis and receives partial benefit for unused amounts upon year end settlement. The District is not exposed beyond the monthly claims submission.

**NOTE 11: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES**

Claims and Judgments - The District participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units and are subject to the various rules and regulations of the grantor agencies. Expenditures financed by grants are subject to audit and adjustment by the appropriate grantor agency. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

TABOR Amendment - In November 1992, Colorado voters passed the TABOR Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limitations. The District is subject to the TABOR Amendment. In the November 1996 election, the District's electorate allowed the District to collect, retain and expand all revenues collected, notwithstanding the limits of the Amendment. The TABOR Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. The District has recorded a \$97,000 reserve in the General Fund to fully fund its 3% emergency reserve required by TABOR.

The District has either committed or assigned other amounts in the financial statements based on the funds underlying purpose.

**GENOA-HUGO SCHOOL DISTRICT NUMBER C-113**

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 12: INTERFUND ACTIVITY**

The District has recorded the following routine operating transfers through June 30, 2019.

General Fund		
Transfer to Food Service Fund	\$	(30,000)
Transfer to Athletics Fund		<u>(9,000)</u>
Net General Fund		(39,000)
Athletic Activity Fund		
Transfer from General Fund		30,000
Food Service Fund		
Transfer from General Fund		<u>9,000</u>
Net Interfund Transfers	\$	<u><u>-</u></u>

**NOTE 13: BEST GRANT/FACILITY IMPROVEMENTS**

The District received a BEST grant through the Colorado Department of Education for facility improvements that commenced during fiscal year 2013 with the District providing an upfront match payment held in escrow of \$6,609,572. The State is funding their portion of this program, \$9,809,053, through Certificate of Participation issuances. The State will coordinate the payment to the contractors with no funding flowing through the District other than for reimbursable costs that the District incurs. The District will not receive clear title to the improvements until the State has repaid the certificates. At that point, the District will record a capital asset and related accumulated depreciation for the cost of the BEST improvements, along with offsetting reduction of the outstanding long-term grant receivable.

The improvements completed by the BEST grant and local contribution totaled \$15,794,007 and have a depreciated value of \$14,214,606 as of June 30, 2019. The remaining value of the State's contribution, which has been booked as a long-term grant receivable in the governmental activities, was \$8,828,148 as of June 30, 2019. As part of the BEST grant agreement, the District agreed to fund a capital replacement reserve in the amount of \$100 per funded pupil based on the annual October student count, beginning with the June 30, 2016 fiscal year. This reserve balance as of June 30, 2019 was \$38,361.

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**NOTE 14: DEFICIT UNRESTRICTED NET POSTION**

The Governmental Activities has a deficit unrestricted net position of \$3,456,535, primarily due to the PERA net pension liability of \$3,671,904 and net OPEB liability of \$183,389, further described in Notes 7 and 9. As the District has no control over pension and OPEB benefits or contribution rates, we expect this deficit to continue going forward.

In addition, the Capital Reserve Fund has a deficit unassigned fund balance of \$8,307. The District expects to recover this deficit through additional subsidies from other funds.

**NOTE 15: BUDGET VIOLATION**

The District's expenditures in the Food Service Fund exceeded appropriations by \$3,508.

**NOTE 16: PRIOR PERIOD RESTATEMENT**

The District has restated beginning deferred outflows and inflows related to proportion changes for the PERA pension plan. The District has restated these balances to reflect the change in proportion of plan level deferrals that had previously not been material in addition to plan level liabilities. This restatement increased governmental activities net position in the amount of \$144,249.

**REQUIRED SUPPLEMENTARY INFORMATION**  
Pension and OPEB Schedules (Unaudited)

GENOA-HUGO SCHOOL DISTRICT NO. C-113

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION ASSET (LIABILITY)

PERA Pension Plan

Last 10 Fiscal Years<sup>(1)</sup>

<u>Fiscal Year Ended</u>	District proportion of the net pension asset (liability)	District proportionate share of the net pension asset (liability)	Non-employer contributing entity's total proportionate share of the net pension asset (liability)	Total proportionate share associated with District	District covered payroll	District	Plan fiduciary
						proportionate share of the net pension asset (liability) as a percentage of covered payroll	net position as a percentage of the total pension liability
June 30, 2014	0.028229%	\$ (3,600,654)	\$ -	\$ (3,600,654)	\$ 1,138,017	316.40%	64.07%
June 30, 2015	0.027816%	(3,770,027)	-	(3,770,027)	1,165,299	323.52%	62.84%
June 30, 2016	0.027248%	(4,167,357)	-	(4,167,357)	1,187,453	350.95%	59.16%
June 30, 2017	0.026535%	(7,900,426)	-	(7,900,426)	1,190,928	663.38%	43.13%
June 30, 2018	0.024716%	(7,992,191)	-	(7,992,191)	1,140,108	701.00%	43.96%
June 30, 2019	0.020737%	(3,671,904)	(441,687)	(4,113,591)	1,140,022	322.09%	57.01%

**Note:** All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

<sup>(1)</sup> - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

**GENOA-HUGO SCHOOL DISTRICT NO. C-113**

**SCHEDULE OF DISTRICT CONTRIBUTIONS**

**PERA Pension Plan**

**Last 10 Fiscal Years<sup>(1)</sup>**

<u>Fiscal Year Ended</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2014	\$ 176,734	(176,734)	-	\$ 1,138,017	15.53%
June 30, 2015	191,459	(191,459)	-	1,165,299	16.43%
June 30, 2016	205,786	(205,786)	-	1,187,453	17.33%
June 30, 2017	215,915	(215,915)	-	1,190,928	18.13%
June 30, 2018	212,402	(212,402)	-	1,140,108	18.63%
June 30, 2019	218,086	(218,086)	-	1,140,022	19.13%

**Note:** All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

<sup>(1)</sup> - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

**GENOA-HUGO SCHOOL DISTRICT NO. C-113**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB ASSET (LIABILITY)**

**PERA Health Care Trust Fund**

**Last 10 Fiscal Years<sup>(1)</sup>**

<b>Fiscal Year Ended</b>	<b>District's proportion of the net OPEB asset (liability)</b>	<b>District's proportionate share of the net OPEB asset (liability)</b>	<b>District's covered payroll</b>	<b>District's proportionate share of the net OPEB asset (liability) as a percentage of covered payroll</b>	<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>
June 30, 2017	0.015083%	\$ (195,552)	\$ 1,190,928	16.42%	16.70%
June 30, 2018	0.014043%	(182,508)	1,140,108	16.01%	17.53%
June 30, 2019	0.013479%	(183,389)	1,140,022	16.09%	17.03%

**Note:** All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

<sup>(1)</sup> - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

**GENOA-HUGO SCHOOL DISTRICT NO. C-113**

**SCHEDULE OF DISTRICT CONTRIBUTIONS  
PERA Health Care Trust Fund  
Last 10 Fiscal Years<sup>(1)</sup>**

<u>Fiscal Year Ended</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2017	\$ 12,147	\$ (12,147)	\$ -	\$ 1,190,882	1.02%
June 30, 2018	11,629	(11,629)	-	1,140,098	1.02%
June 30, 2019	11,628	(11,628)	-	1,140,000	1.02%

**Note:** All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

<sup>(1)</sup> - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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**BUDGETARY COMPARISON SCHEDULES**  
(Required Supplementary Information)

GENOA-HUGO SCHOOL DISTRICT NO. C-113  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
General Fund  
For the Year Ended June 30, 2019  
(With Comparative Totals for the Year Ended June 30, 2018)

	2019			
	Original and Final		Variance with Final	2018
	Budget	Actual	Budget	Actual
<b>REVENUES</b>				
<b>Local Sources</b>				
Property Taxes	\$ 1,144,590	\$ 1,155,800	\$ 11,210	\$ 1,140,217
Specific Ownership Taxes	135,000	108,526	(26,474)	105,290
Delinquent Taxes	1,000	5,316	4,316	1,938
Tuition From Individuals	2,000	1,340	(660)	-
Investment Earnings	2,750	4,062	1,312	3,274
Donations	500	938	438	-
Sale of Fixed Assets/Insurance Proceeds	100	-	(100)	617
Overhead Cost Revenue	-	2,841	2,841	-
Insurance Proceeds	500	3,802	3,302	2,071
Other Local	19,000	25,799	6,799	25,534
Total Local Sources	<u>1,305,440</u>	<u>1,308,424</u>	<u>2,984</u>	<u>1,278,941</u>
<b>Intermediate Sources</b>				
Mineral Leases	50	59	9	-
Impact Fee Revenue	100	-	(100)	328
Total Intermediate Sources	<u>150</u>	<u>59</u>	<u>(91)</u>	<u>328</u>
<b>State Sources</b>				
State Share (Equalization)	941,970	1,193,567	251,597	862,711
State Transportation	25,000	26,410	1,410	19,361
State Grants from CDE				
State Grants to Libraries	3,500	3,500	-	3,500
Additional At-Risk Funding	500	1,094	594	764
READ Act	4,000	6,678	2,678	4,070
State Vocational Education	10,000	7,459	(2,541)	13,545
State of Colorado PERA Distribution	-	29,820	29,820	-
State Grants Provided through BOCES	30,460	30,128	(332)	29,617
Total State Sources	<u>1,015,430</u>	<u>1,298,656</u>	<u>283,226</u>	<u>933,568</u>
<b>Federal Sources</b>				
Federal Grants from CDE				
Other Old Federal Grant Codes	100	-	(100)	119
NCLB, Title VI, Part B, Sub-part I: REAP: Rural Education Initiatives	10,000	16,975	6,975	13,126
Federal Provided through BOCES	46,518	42,960	(3,558)	44,083
Total Federal Sources	<u>56,618</u>	<u>59,935</u>	<u>3,317</u>	<u>57,328</u>
<b>TOTAL REVENUES</b>	<u>2,377,638</u>	<u>2,667,074</u>	<u>289,436</u>	<u>2,270,165</u>

(Continued)

See the accompanying Independent Auditors' Report

GENOA-HUGO SCHOOL DISTRICT NO. C-113  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 General Fund  
 For the Year Ended June 30, 2019  
 (With Comparative Totals for the Year Ended June 30, 2018)

	2019			
	Original and		Variance	2018
	Final	Actual	with Final	Actual
	Budget		Budget	
(Continued)				
<b>EXPENDITURES</b>				
<b>Instruction</b>				
Salaries	878,472	883,108	(4,636)	841,571
Benefits	408,473	441,839	(33,366)	347,092
PS - Professional	3,300	3,439	(139)	3,832
PS - Property	5,000	871	4,129	1,595
PS - Other	85,800	75,596	10,204	65,688
Supplies	80,490	71,758	8,732	69,803
Property	8,100	779	7,321	1,982
Other Expenses	3,500	2,767	733	2,731
Total Instruction	<u>1,473,135</u>	<u>1,480,157</u>	<u>(7,022)</u>	<u>1,334,294</u>
<b>Supporting Services</b>				
<b>Pupil Support</b>				
Salaries	20,000	8,500	11,500	-
Benefits	4,475	1,862	2,613	2,301
PS - Professional	250	-	250	-
PS - Other	43,700	37,734	5,966	51,214
Supplies	8,350	45	8,305	6,788
Total Pupil Support	<u>76,775</u>	<u>48,141</u>	<u>28,634</u>	<u>60,303</u>
<b>Staff Support</b>				
Salaries	-	-	-	99
Benefits	-	-	-	22
PS - Professional	800	840	(40)	800
PS - Other	600	-	600	500
Supplies	8,300	7,040	1,260	7,420
Property	250	-	250	-
Total Staff Support	<u>9,950</u>	<u>7,880</u>	<u>2,070</u>	<u>8,841</u>
<b>General Administration</b>				
Salaries	70,040	70,040	-	68,000
Benefits	25,422	25,171	251	23,887
PS - Professional	11,550	9,456	2,094	11,147
PS - Property	900	1,490	(590)	1,111
PS - Other	15,700	9,646	6,054	11,391
Supplies	2,300	1,674	626	1,900
Property	1,200	743	457	1,449
Other Expenses	4,500	7,801	(3,301)	4,495
Total General Administration	<u>131,612</u>	<u>126,021</u>	<u>5,591</u>	<u>123,380</u>
<b>School Administration</b>				
Salaries	89,135	89,526	(391)	86,230
Benefits	39,069	38,094	975	36,390
PS - Professional	300	214	86	239
PS - Other	500	460	40	-
Supplies	14,000	18,810	(4,810)	6,542
Total School Administration	<u>143,004</u>	<u>147,104</u>	<u>(4,100)</u>	<u>129,401</u>

(Continued)  
 See the accompanying Independent Auditors' Report

GENOA-HUGO SCHOOL DISTRICT NO. C-113  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 General Fund  
 For the Year Ended June 30, 2019  
 (With Comparative Totals for the Year Ended June 30, 2018)

	2019			
	Original and		Variance	2018
	Final	Actual	with Final	Actual
	Budget		Budget	
(Continued)				
<b>EXPENDITURES (Continued)</b>				
<b>Supporting Services (Continued)</b>				
<b>Business Services</b>				
Salaries	41,070	41,491	(421)	40,120
Benefits	18,422	18,313	109	17,307
PS - Professional	4,000	3,325	675	3,343
PS - Other	25,600	23,325	2,275	21,521
Supplies	7,500	6,159	1,341	7,546
Property	300	-	300	-
Total Business Services	<u>96,892</u>	<u>92,613</u>	<u>4,279</u>	<u>89,837</u>
<b>Operations and Maintenance</b>				
Salaries	75,000	68,629	6,371	59,084
Benefits	26,147	31,771	(5,624)	21,029
PS - Property	57,200	74,471	(17,271)	64,475
PS - Other	5,600	7,868	(2,268)	6,275
Supplies	68,500	69,577	(1,077)	69,185
Property	1,000	7,995	(6,995)	6,073
Total Operations and Maintenance	<u>233,447</u>	<u>260,311</u>	<u>(26,864)</u>	<u>226,121</u>
<b>Transportation</b>				
Salaries	40,000	41,269	(1,269)	36,233
Benefits	8,700	8,747	(47)	7,573
PS - Professional	1,000	295	705	370
PS - Property	28,600	13,780	14,820	14,968
PS - Other	8,350	7,187	1,163	6,224
Supplies	24,450	21,221	3,229	20,204
Property	500	-	500	-
Total Transportation	<u>111,600</u>	<u>92,499</u>	<u>19,101</u>	<u>85,572</u>
<b>Other Central Support</b>				
PS - Other	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
<b>Risk Management</b>				
PS - Other	<u>57,100</u>	<u>58,124</u>	<u>(1,024)</u>	<u>53,066</u>
<b>Debt Service</b>				
Principal	4,200	3,604	596	3,413
Interest	-	553	(553)	744
Total Debt Service	<u>4,200</u>	<u>4,157</u>	<u>43</u>	<u>4,157</u>
<b>Contingency</b>	<u>1,199,923</u>	<u>-</u>	<u>1,199,923</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>3,538,638</u>	<u>2,317,007</u>	<u>1,221,631</u>	<u>2,114,972</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	(1,161,000)	350,067	1,511,067	155,193
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>(39,000)</u>	<u>(39,000)</u>	<u>-</u>	<u>(41,500)</u>
<b>CHANGE IN FUND BALANCE</b>	(1,200,000)	311,067	1,511,067	113,693
<b>BEGINNING FUND BALANCE</b>	1,200,000	2,086,927	886,927	1,973,234
<b>ENDING FUND BALANCE</b>	\$ -	\$ 2,397,994	\$ 2,397,994	\$ 2,086,927

See accompanying Independent Auditors' Report.

**OTHER SUPPLEMENTARY INFORMATION**

GENOA-HUGO SCHOOL DISTRICT NO. C-113  
 Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2019  
 (With Comparative Totals for June 30, 2018)

	Special Revenue		Totals	
	Food Service		2019	2018
	Fund	Athletic Fund		
<b>ASSETS</b>				
Cash and Investments	\$ 49,767	\$ 617	\$ 50,384	\$ 40,057
Inventory	1,296	-	1,296	292
<b>TOTAL ASSETS</b>	<u>\$ 51,063</u>	<u>\$ 617</u>	<u>\$ 51,680</u>	<u>\$ 40,349</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 314	\$ 1,341	\$ 1,655	\$ 324
Accrued Salaries & Benefits	10,283	-	10,283	9,822
Unearned Revenue	1,594	-	1,594	1,149
<b>Total Liabilities</b>	<u>12,191</u>	<u>1,341</u>	<u>13,532</u>	<u>11,295</u>
<b>Fund Balance</b>				
Nonspendable Fund Balance	1,296	-	1,296	292
Committed Fund Balance			-	-
Other Commitments	37,576	-	37,576	28,762
Unassigned Fund Balance	-	(724)	(724)	-
<b>Total Fund Balance</b>	<u>38,872</u>	<u>(724)</u>	<u>38,148</u>	<u>29,054</u>
<b>TOTAL LIABILITIES, DEFERRED INLFOWS AND FUND BALANCE</b>	<u>\$ 51,063</u>	<u>\$ 617</u>	<u>\$ 51,680</u>	<u>\$ 40,349</u>

See accompanying Independent Auditors' Report.

GENOA-HUGO SCHOOL DISTRICT NO. C-113  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2019  
(With Comparative Totals for the Year Ended June 30, 2018)

	Special Revenue		Totals	
	Food Service		2019	2018
	Fund	Athletic Fund		
<b>REVENUES</b>				
Local Sources	\$ 28,864	\$ 21,448	\$ 50,312	\$ 48,373
State Sources	2,325	-	2,325	1,695
Federal Sources	56,384	-	56,384	45,846
<b>TOTAL REVENUES</b>	<u>87,573</u>	<u>21,448</u>	<u>109,021</u>	<u>95,914</u>
<b>EXPENDITURES</b>				
Instruction	-	32,919	32,919	33,981
Food Service	106,008	-	106,008	100,521
<b>TOTAL EXPENDITURES</b>	<u>106,008</u>	<u>32,919</u>	<u>138,927</u>	<u>134,502</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	(18,435)	(11,471)	(29,906)	(38,588)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In (Out) - net	30,000	9,000	39,000	41,500
<b>CHANGE IN FUND BALANCE</b>	11,565	(2,471)	9,094	2,912
<b>BEGINNING FUND BALANCE</b>	27,307	1,747	29,054	26,142
<b>ENDING FUND BALANCE</b>	<u>\$ 38,872</u>	<u>\$ (724)</u>	<u>\$ 38,148</u>	<u>\$ 29,054</u>

See accompanying Independent Auditors' Report.

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### **SPECIAL REVENUE FUNDS**

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are restricted to expenditures for specified purposes:

The District reports the following Special Revenue Funds:

Food Service Fund – Accounts for District's food service operations

Athletics Fund – Accounts for the District's athletic related pupil activities

GENOA-HUGO SCHOOL DISTRICT NO. C-113  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Food Service Fund  
For the Year Ended June 30, 2019  
(With Comparative Totals for the Year Ended June 30, 2018)

	2019		Variance with Final Budget	2018 Actual
	Final Budget	Actual		
<b>REVENUES</b>				
<b>Local Sources</b>				
Food Service Revenue	\$ 27,150	\$ 28,266	\$ 1,116	\$ 26,709
Other Local	150	598	448	765
Total Local Sources	<u>27,300</u>	<u>28,864</u>	<u>1,564</u>	<u>27,474</u>
<b>State Sources</b>				
State Matching Child Nutrition	700	682	(18)	673
Start Smart Nutrition	500	624	124	544
School Lunch Protection Program: Free and Reduced for Pre-K th 2	500	1,019	519	478
Total State Sources	<u>1,700</u>	<u>2,325</u>	<u>625</u>	<u>1,695</u>
<b>Federal Sources</b>				
Federal Grants from CDE				
School Breakfast Program	11,000	16,469	5,469	13,135
National School Lunch Program	24,000	34,836	10,836	27,631
Federal Grants from Other State Agencies				
National School Lunch Program - Commodities	2,500	5,079	2,579	5,080
Total Federal Sources	<u>37,500</u>	<u>56,384</u>	<u>18,884</u>	<u>45,846</u>
<b>TOTAL REVENUES</b>	<u>66,500</u>	<u>87,573</u>	<u>21,073</u>	<u>75,015</u>
<b>EXPENDITURES</b>				
<b>Supporting Services</b>				
<b>Food Service</b>				
Salaries	37,975	38,078	(103)	38,059
Benefits	27,344	27,170	174	25,826
PS - Property	50	-	50	-
PS - Other	150	564	(414)	566
Supplies	2,300	754	1,546	1,399
Food	31,200	34,363	(3,163)	29,592
Commodities	750	5,079	(4,329)	5,080
Property	1,250	-	1,250	-
Total Food Service	<u>101,019</u>	<u>106,008</u>	<u>(4,989)</u>	<u>100,522</u>
Contingency	<u>1,481</u>	<u>-</u>	<u>1,481</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>102,500</u>	<u>106,008</u>	<u>(3,508)</u>	<u>100,522</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	<u>(36,000)</u>	<u>(18,435)</u>	<u>17,565</u>	<u>(25,507)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
<b>CHANGE IN FUND BALANCE</b>	<u>(6,000)</u>	<u>11,565</u>	<u>17,565</u>	<u>4,493</u>
<b>BEGINNING FUND BALANCE</b>	<u>6,000</u>	<u>27,307</u>	<u>21,307</u>	<u>22,814</u>
<b>ENDING FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 38,872</u>	<u>\$ 38,872</u>	<u>\$ 27,307</u>

See accompanying Independent Auditors' Report.

GENOA-HUGO SCHOOL DISTRICT NO. C-113  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 Athletic Fund  
 For the Year Ended June 30, 2019  
 (With Comparative Totals for the Year Ended June 30, 2018)

	2019		Variance with Final Budget	2018	
	Final Budget	Actual		Budget	Actual
<b>REVENUES</b>					
<b>Local Sources</b>					
Pupil Activity Revenues	\$ 38,000	\$ 21,448	\$ (16,552)	\$ 20,900	
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Other Expenses	<u>38,000</u>	<u>32,919</u>	<u>5,081</u>	<u>33,981</u>	
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	-	(11,471)	(11,471)	(13,081)	
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers	-	9,000	9,000	11,500	
<b>CHANGE IN FUND BALANCE</b>	-	(2,471)	(2,471)	(1,581)	
<b>BEGINNING FUND BALANCE</b>	-	1,747	1,747	3,328	
<b>ENDING FUND BALANCE</b>	<u>\$ -</u>	<u>\$ (724)</u>	<u>\$ (724)</u>	<u>\$ 1,747</u>	

See accompanying Independent Auditors' Report.

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## **DEBT SERVICE FUND**

Debt Service Funds These funds are used to account for the repayment of the District's general obligation indebtedness.

The District has the following debt service fund:

**Bond Redemption Fund**

GENOA-HUGO SCHOOL DISTRICT NO. C-113  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 Bond Redemption Fund  
 For the Year Ended June 30, 2019  
 (With Comparative Totals for the Year Ended June 30, 2018)

	2019			2018 Actual
	Final Budget	Actual	Variance with Final Budget	
<b>REVENUES</b>				
<b>Local Sources</b>				
Property Taxes	\$ 497,943	\$ 496,980	\$ (963)	\$ 497,666
Specific Ownership Taxes	30,000	47,180	17,180	43,408
Delinquent Taxes	1,000	1,323	323	824
Investment Earnings	900	840	(60)	787
<b>TOTAL REVENUES</b>	<u>529,843</u>	<u>546,323</u>	<u>16,480</u>	<u>542,685</u>
<b>EXPENDITURES</b>				
<b>Supporting Services</b>				
<b>General Administration</b>				
Other Expenses	500	500	-	710
<b>Debt Service</b>				
Principal	304,960	304,953	7	396,638
Interest	155,430	155,423	7	166,174
Total Debt Service	460,390	460,376	14	562,812
<b>Contingency</b>	754,623	-	754,623	-
<b>TOTAL EXPENDITURES</b>	<u>1,215,513</u>	<u>460,876</u>	<u>754,637</u>	<u>563,522</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	(685,670)	85,447	771,117	(20,837)
<b>BEGINNING FUND BALANCE</b>	685,670	965,018	279,348	985,855
<b>ENDING FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 1,050,465</u>	<u>\$ 1,050,465</u>	<u>\$ 965,018</u>

See accompanying Independent Auditors' Report.

## **CAPITAL PROJECTS FUND**

Capital Reserve Project Fund - This fund accounts for the District's routine capital projects.

GENOA-HUGO SCHOOL DISTRICT NO. C-113  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 Capital Reserve Project Fund  
 For the Year Ended June 30, 2019  
 (With Comparative Totals for the Year Ended June 30, 2018)

	2019		Variance with Final Budget	2018
	Final Budget	Actual		Actual
<b>REVENUES</b>				
<b>Local Sources</b>				
Investment Earnings	\$ 175	\$ 211	\$ 36	\$ 206
Other Local	-	1,757	1,757	359
Total Local Sources	175	1,968	1,793	565
<b>State Sources</b>				
State Grants from CDE				
Best Capital Construction Program	-	-	-	41,951
Small Rural Schools Additional Funding	59,800	-	(59,800)	58,672
Rural and Low Income Schools	-	1,508	1,508	-
Total State Sources	59,800	1,508	(58,292)	100,623
<b>TOTAL REVENUES</b>	59,975	3,476	(56,499)	101,188
<b>EXPENDITURES</b>				
<b>Supporting Services</b>				
<b>Transportation</b>				
Property	-	-	-	91,958
<b>Facilities/Capital Outlay</b>				
PS - Property	33,000	30,939	2,061	-
Equipment	59,800	-	59,800	-
Other Capital Outlay	-	-	-	15,000
Total Facilities/Capital Outlay	92,800	30,939	61,861	15,000
Contingency	17,175	-	17,175	-
<b>TOTAL EXPENDITURES</b>	109,975	30,939	79,036	106,958
<b>CHANGE IN FUND BALANCE</b>	(50,000)	(27,463)	22,537	(5,770)
<b>BEGINNING FUND BALANCE</b>	50,000	57,517	7,517	63,287
<b>ENDING FUND BALANCE</b>	\$ -	\$ 30,054	\$ 30,054	\$ 57,517

See accompanying Independent Auditors' Report.

## **FIDUCIARY (AGENCY) FUNDS**

Fiduciary (Agency) Funds are used to account for assets held by the District as an agent for individuals, private and student groups. The agency funds are custodial in nature and do not involve measurement of results of operations.

### Scholarship Fund

The District has established a scholarship agency fund to account for annual student scholarships given through memorial donations.

### Pupil Activity Fund

The District has established an agency fund to account for various student activity groups and contributions from private organizations.

**GENOA-HUGO SCHOOL DISTRICT NO. C-113**  
**Schedule of Revenues, Expenses and Changes in Fiduciary Net Position**  
**Budget and Actual**  
**Fiduciary Funds**  
**Scholarship Agency Fund**  
**For the Year Ended June 30, 2019**  
**(With Comparative Totals for the Year Ended June 30, 2018)**

	2019		Variance with Final Budget	2018 Actual
	Final Budget	Actual		
<b>ADDITIONS</b>				
Local Sources	\$ -	\$ 2	\$ 2	\$ 2
<b>DEDUCTIONS</b>				
Community Support	4,000	151	3,849	-
<b>CHANGE IN NET POSITION</b>	(4,000)	(149)	3,851	2
<b>BEGINNING NET POSITION</b>	4,000	1,955	(2,045)	1,953
<b>ENDING NET POSITION</b>	<u>\$ -</u>	<u>\$ 1,806</u>	<u>\$ 1,806</u>	<u>\$ 1,955</u>

See accompanying Independent Auditors' Report.

**GENOA-HUGO SCHOOL DISTRICT NO. C-113**  
**Schedule of Revenues, Expenses and Changes in Fiduciary Net Position**  
**Budget and Actual**  
**Fiduciary Funds**  
**Pupil Activity Agency Fund**  
**For the Year Ended June 30, 2019**  
**(With Comparative Totals for the Year Ended June 30, 2018)**

	2019		Variance with Final Budget	2018 Actual
	Final Budget	Actual		
<b>ADDITIONS</b>				
Local Sources	\$ 100,000	\$ 65,000	\$ (35,000)	\$ 61,646
<b>DEDUCTIONS</b>				
Instruction	100,000	55,240	44,760	57,338
<b>CHANGE IN NET POSITION</b>	-	9,760	9,760	4,308
<b>BEGINNING NET POSITION</b>	-	48,353	48,353	44,045
<b>ENDING NET POSITION</b>	<u>\$ -</u>	<u>\$ 58,113</u>	<u>\$ 58,113</u>	<u>\$ 48,353</u>

See accompanying Independent Auditors' Report.

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## **STATE COMPLIANCE**

This report includes information required by the Colorado Department of Education.



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 1780 - Genoa-Hugo C113  
 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
<b>Governmental</b>							
10 General Fund	2,056,586		2,594,898		2,256,872		2,394,612
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	30,341		33,177		60,136		3,382
<b>Sub- Total</b>	<b>2,086,927</b>		<b>2,628,075</b>		<b>2,317,008</b>		<b>2,397,994</b>
11 Charter School Fund	0		0		0		0
20,26-29 Special Revenue Fund	0		0		0		0
06 Supplemental Cap Const, Tech, Main, Fund	0		0		0		0
21 Food Service Spec Revenue Fund	27,307		117,573		106,008		38,872
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	1,747		30,448		32,919		-724
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	965,018		546,323		460,876		1,050,465
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	0		0		0		0
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	57,517		3,475		30,939		30,054
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
<b>Totals</b>	<b>3,138,515</b>		<b>3,325,895</b>		<b>2,947,750</b>		<b>3,516,660</b>
<b>Proprietary</b>							
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
<b>Totals</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
<b>Fiduciary</b>							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	0		0		0		0
73 Agency Fund	1,955		2		150		1,806
74 Pupil Activity Agency Fund	48,353		65,000		55,240		58,113
79 GASB 34:Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
<b>Totals</b>	<b>50,308</b>		<b>65,001</b>		<b>55,390</b>		<b>59,919</b>

FINAL



**Colorado Department of Education**

**Bolded Balance Sheet Report**

District: 1780 - Genoa-Hugo C113

Fiscal Year 2018-19

Colorado School District/BOCES

ASSETS	Governmental							Proprietary					Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Cash and Investments (8100-8104,8111)	2,597,129	0	3,382	617	0	49,767	1,039,736	91,570	0	0	0	59,919	0	3,842,119	
Cash with Fiscal Agent (8105)	456	0	0	0	0	0	197	0	0	0	0	0	0	653	
Taxes Receivable (8121,8122)	24,512	0	0	0	0	0	10,532	0	0	0	0	0	0	35,045	
Interfund Loans Receivable (8131,8132)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Grants Accounts Receivable (8142)	9,946	0	0	0	0	0	0	0	0	0	0	0	0	9,946	
Other Receivables (8151-8154,8161)	16,044	0	0	0	0	0	0	0	0	0	0	0	0	16,044	
Inventories (8171,8172,8173)	0	0	0	0	0	1,296	0	0	0	0	0	0	0	1,296	
Prepaid Expenses 8181,8182)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Total Assets</b>	<b>2,648,086</b>	<b>0</b>	<b>3,382</b>	<b>617</b>	<b>0</b>	<b>51,063</b>	<b>1,050,465</b>	<b>91,570</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>59,919</b>	<b>0</b>	<b>3,905,102</b>	

See accompanying Independent Auditors' Report.

**Governmental**

**Proprietary**

**Fiduciary**

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
<b>LIABILITIES &amp; FUND EQUITY</b>															
<b>LIABILITIES</b>															
Interfund Payables (7401,7402)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Payables (7421-7423)	15,094	0	0	1,341	0	314	0	0	0	0	0	0	0	0	16,749
Accrued Expenses (7461)	218,428	0	0	0	0	10,284	0	0	0	0	0	0	0	0	228,712
Payroll Ded. and Withholdings (7471-7473)	19,952	0	0	0	0	0	0	0	0	0	0	0	0	0	19,952
Unearned Revenue (7481)	0	0	0	0	0	1,594	0	0	0	0	0	0	0	0	1,594
Grants Deferred Revenue (7482)	0	0	0	0	0	0	0	61,516	0	0	0	0	0	0	61,516
Deferred Inflow (7800)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow Grants (7801)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Liabilities</b>	<b>253,474</b>	<b>0</b>	<b>0</b>	<b>1,341</b>	<b>0</b>	<b>12,191</b>	<b>0</b>	<b>61,516</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>328,523</b>

See accompanying Independent Auditors' Report.

**Governmental**

**Proprietary**

**Fiduciary**

<b>FUND EQUITY</b>	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	1,296	0	0	0	0	0	0	0	0	1,296
Restricted Fund Balance 6720	0	0	0	0	0	0	1,050,465	0	0	0	0	0	0	0	1,050,465
TABOR 3% Emergency Reserve 6721	97,000	0	0	0	0	0	0	0	0	0	0	0	0	0	97,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	3,382	0	0	0	0	0	0	0	0	0	0	0	3,382
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	38,361	0	0	0	0	0	0	38,361
Committed Fund Balance 6750	0	0	0	0	0	37,575	0	0	0	0	0	0	0	0	37,575
Assigned Fund Balance 6760	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unassigned Fund Balance 6770	2,297,612	0	0	-724	0	0	0	-8,307	0	0	0	0	59,919	0	2,348,500
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Fund Equity</b>	<b>2,394,612</b>	<b>0</b>	<b>3,382</b>	<b>-724</b>	<b>0</b>	<b>38,872</b>	<b>1,050,465</b>	<b>30,054</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>59,919</b>	<b>0</b>	<b>3,576,579</b>

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
<b>Total Liabilities &amp; Fund Equity</b>	2,648,086	0	3,382	617	0	51,063	1,050,465	91,570	0	0	0	0	59,919	0	3,905,102
<b>Do Assets=Liability+Fund Equity</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

See accompanying Independent Auditors' Report.