

**HAYDEN SCHOOL DISTRICT RE-1
HAYDEN, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**For the Year Ended
June 30, 2019**

**HAYDEN SCHOOL DISTRICT RE-1
BURLINGTON, COLORADO**

ROSTER OF SCHOOL OFFICIALS

JUNE 30, 2019

BOARD OF EDUCATION

Brian F. Hoza – President

Tim Frentress Sr. – Vice President

Tammie Delaney – Secretary

Medora Fralick – Treasurer

Kevin Lind – Member

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FINANCIAL SECTION

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information - Unaudited)

HAYDEN SCHOOL DISTRICT RE-1
Management Discussion and Analysis

This section of the annual audit is presented to give the reader a financial picture of Hayden School District RE-1. The discussion and analysis of Hayden School District's financial performance provides an overall review of the District's financial activities for the year ended June 30, 2019. The intent of the discussion and analysis is to view the District's financial performance as a whole. The reader should review the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Total net position of the District is \$(10,724,502), which includes \$29,403,935 in total assets, \$4,474,498 in deferred out flows, \$34,587,524 in total liabilities, and \$10,015,411 in deferred inflows. The total assets include \$24,003,496 in current assets and \$4,410,439 in long term capital assets.

Total general revenues were \$7,389,662 and total program revenues were \$1,817,894. The District's expenses for the year were \$7,457,176 resulting in a change in net position of \$1,750,380.

Using the Annual Financial Report

Within the annual report is a series of financial statement and notes to those statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and include fixed assets and depreciation on those assets.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Hayden School District RE-1's basic financial statements. The District's basic financial statements are comprised of three components: 1) Government-Wide financial statements, 2) Fund Financial Statements, and 3) notes to the Financial Statements. This report also contains other supplementary information including fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

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

TABLE 1 - CONDENSED STATEMENT OF NET POSITION

	Governmental Activities	
	2019	2018
Current Assets	\$ 24,993,496	\$ 1,774,623
Non Current Assets	4,410,439	4,652,621
Total Assets	29,403,935	6,427,244
Deferred Outflows of Financial Resources	4,474,498	7,057,636
Current Liabilities	1,540,574	835,878
Long-Term Liabilities	33,046,950	23,726,994
Total Liabilities	34,587,524	24,562,872
Deferred Outflows of Financial Resources	10,015,411	1,423,474
Net Investment in Capital Assets	1,464,030	4,297,444
Restricted Net Position	1,728,642	217,018
Unrestricted Net Position	(13,917,174)	(17,015,928)
Total Net Position	\$ (10,724,502)	\$ (12,501,466)

The Statement of activities presents information showing how the government's net position changed during the most recent fiscal year.

TABLE 2 - CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities	
	2019	2018
Program Revenues:		
Charges for Services	\$ 321,956	\$ 143,247
Operating Grants	1,495,938	1,446,298
Capital Grants	-	130,122
Total Program Revenues	1,817,894	1,719,667
General Revenues:		
Property Taxes	5,591,302	3,546,574
Other Taxes	311,686	298,991
State Equalization	1,360,708	1,330,555
Investment Income	25,005	7,233
Miscellaneous	100,961	-
Total General Revenues	7,389,662	5,183,353
Total Revenues	9,207,556	6,903,020
Expenses		
Instruction	2,198,396	6,088,198
Supporting Services	4,762,984	4,056,383
Interest on Long Term Debt	495,796	184,991
Total Expenses	7,457,176	10,329,572
Change in Net Position	1,750,380	(3,426,552)
Net Position - Beginning	(12,501,466)	(8,564,086)
Prior Period Restatement	26,584	(510,828)
Net Position - Beginning Restated	(12,474,882)	(9,074,914)
Net Position - Ending	\$ (10,724,502)	\$ (12,501,466)

Both of the government-wide financial statements distinguish function of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

The government-wide financial statements of the District have only one category:

- 1) **Governmental Activities** – All of the District’s basic services are included here, such as instruction, administration and community services. Property taxes and state and federal subsidies and grants finance most of these activities.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governments near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

The Hayden School District RE-1 adopts a one-year budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the year ended June 30, 2019 budget.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District’s own programs. The Districts fiduciary funds are used to account for their school activity funds.

Financial Analysis of the District as a Whole

Most of the District’s net position is invested in capital assets (buildings, land, vehicles and equipment). The remaining unrestricted net position is a combination of designated and undesignated amounts. The designated balances are amounts set aside by management to finance future purchases or capital projects as planned by the district. For Additional information on the Capital assets see Note 4 on page 19.

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Governmental Activities:				
Assets not being depreciated:				
Land	\$ 99,455	\$ -	\$ -	\$ 99,455
Water Rights	10,000	-	-	10,000
Construction in Progress	97,815	-	97,815	-
Total Assets not being depreciated	<u>207,270</u>	<u>-</u>	<u>97,815</u>	<u>109,455</u>
Assets being depreciated:				
Buildings and Improvements	9,518,441	-	-	9,518,441
Transportation equipment	780,413	222,235	155,190	847,458
Other equipment	1,373,580	-	26,371	1,347,209
Site Improvements	829,993	-	-	829,993
Total Assets being depreciated	<u>12,502,427</u>	<u>222,235</u>	<u>181,561</u>	<u>12,543,101</u>
Accumulated depreciation:				
Buildings	(5,785,992)	(211,616)	-	(5,997,608)
Transportation equipment	(662,832)	(41,559)	(154,878)	(859,269)
Other equipment	(956,047)	(79,689)	(26,371)	(1,062,107)
Site Improvements	(652,205)	(33,426)	-	(685,631)
Total Accumulated depreciation	<u>(8,057,076)</u>	<u>(366,290)</u>	<u>(181,249)</u>	<u>(8,504,615)</u>
Net Capital Assets	<u>\$ 4,652,621</u>	<u>\$ (144,055)</u>	<u>\$ 98,127</u>	<u>\$ 4,410,439</u>

Long Term Debt – The District’s long term debt for the year ending June 30, 2019

	Balance As Restated 7/1/18	Advances	Payments	Balance 6/30/19	Current Portion	Interest Expense
Governmental Activities						
2018 GO Bonds	\$ -	\$ 22,296,400	\$ -	\$ 22,296,400	\$ 768,312	\$ 421,944
2019 Note Payable	-	114,309	-	114,309	114,309	-
Lease Obligations	381,093	-	113,185	267,908	117,986	11,389
PERA Net Pension Liability	22,952,652	-	13,064,825	9,887,827	-	-
Net OPEB Liability	524,604	-	30,767	493,837	-	-
Accrued Compensated Absences	24,929	4,719	-	29,648	-	-
Total Long Term Obligations	<u>\$ 23,883,278</u>	<u>\$ 22,415,428</u>	<u>\$ 13,208,777</u>	<u>\$ 33,089,929</u>	<u>\$ 1,000,607</u>	<u>\$ 433,333</u>
Short-term Note Obligations	<u>\$ -</u>	<u>\$ 896,592</u>	<u>\$ 896,592</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

More detailed information on the District’s long term debt can be found on Note 6 on page 20.

The results of this year’s operations are reported in the Statement of Activities. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District’s activities that are supported by other general revenues. The two largest general revenues are the local taxes that are assessed to community taxpayers and state equalization that is provided the State of Colorado.

Economic Factors and Future Budgets

The District has experienced a small decrease in student enrollment the past several years. All indications show enrollment should remain steady with possible increases with the move into a new state of the art facility beginning with the 2020 school year. The state formula for funding school districts in Colorado is tied directly to the number of pupils enrolled, along with inflation based adjustments. The districts PPOR in 2018-2019 was \$10,576.53. This was an increase of \$550 per student. Along with tighter budget control the past two fiscal years, the district has realized an increase in fund balance across the board.

Contacting the District Financial Management

If you would like to request additional financial information, please contact:

Nancy Seams
Director of Finance/HR
Hayden School District RE-1
495 West Jefferson Avenue
Hayden, CO 81639
970-276-3864
nseams@haydenschools.org

Mayberry & Company, LLC

Certified Public Accountants

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

Board of Education
Hayden School District RE-1
Hayden, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of the Hayden School District RE-1, Colorado, as of and for the year ended June 30, 2019, and the related notes to the financial statements 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 Hayden School District RE-1, 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.

Other Matters

Emphasis of a Matter

As discussed in Note 14 to the financial statements, the 2018 financial statements have been restated to reflect the reclassification of the pupil activity fund from a fiduciary fund to a special revenue fund, the reversal of a incorrect prior year accrual adjustment, the revision of deferred outflows and inflows in the net proportion change for the PERA pension plan as well as restatements of beginning Long-term Debt and Capital Assets. These restatements impacted the governmental activities and General and Pupil Activity Agency Funds. Our opinion is not modified with respect to this matter.

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-M5 and pension schedules on pages 45-48 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 49-51 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 52-60 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 Integrity and Bolded Balance Sheet reports on 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.

Mayberry + Company, LLC

Englewood, CO
February 24, 2020

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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.

HAYDEN SCHOOL DISTRICT RE-1
Statement of Net Position
June 30, 2019

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS	
ASSETS	
Current Assets	
Cash and Investments	\$ 4,981,039
Cash with Fiscal Agent	19,761,793
Taxes Receivable	128,623
Grants Receivable	14,856
Other Accounts Receivable	82,904
Inventory	6,596
Prepaid Expenses	17,685
Total Current Assets	<u>24,993,496</u>
Noncurrent Assets	
Capital Assets, not being depreciated	109,455
Capital Assets, being depreciated	4,300,984
Total Noncurrent Assets	<u>4,410,439</u>
TOTAL ASSETS	<u>29,403,935</u>
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
Net Deferred Outflows Pensions	4,440,928
Net Deferred Outflows OPEB	33,570
TOTAL DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	<u>4,474,498</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 33,878,433</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 89,381
Retainage Payable	82,163
Loans Payable	114,309
Accrued Salaries & Benefits	557,834
Unearned Revenue	9,878
Unearned Grant Revenue	687,009
Total Current Liabilities	<u>1,540,574</u>
Noncurrent Liabilities	
Due Within One Year	957,627
Due In More Than One Year	32,089,323
Total Noncurrent Liabilities	<u>33,046,950</u>
TOTAL LIABILITIES	<u>34,587,524</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES	
Deferred Inflows - Other	30,418
Net Deferred Inflows Pensions	9,933,395
Net Deferred Inflows OPEB	51,598
TOTAL DEFERRED INFLOWS OF FINANCIAL RESOURCES	<u>10,015,411</u>
NET POSITION	
Net Investment in Capital Assets	1,464,030
Restricted Net Position	1,728,642
Unrestricted Net Position	(13,917,174)
TOTAL NET POSITION	<u>(10,724,502)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 33,878,433</u>

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

HAYDEN SCHOOL DISTRICT RE-1
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>Services</u>	<u>Operating Grants</u> <u>and Contributions</u>	<u>Revenue and</u> <u>Change in Net</u> <u>Position</u>
Primary Government				
Governmental Activities				
Instruction	\$ 2,198,396	\$ 144,870	\$ 463,523	\$ (1,590,003)
Supporting Services	4,762,984	177,086	1,032,415	(3,553,483)
Interest on Long Term Debt	495,796	-	-	(495,796)
Total Primary Government	<u>\$ 7,457,176</u>	<u>\$ 321,956</u>	<u>\$ 1,495,938</u>	<u>(5,639,282)</u>
General Revenues				
Property Taxes				5,591,302
Specific Ownership Taxes				311,686
State Equalization				1,360,708
Investment Earnings				25,005
Gain (Loss) on Capital Asset Disposals				8,150
Other Revenues				92,811
Total General Revenues and Transfers				<u>7,389,662</u>
Change in Net Position				<u>1,750,380</u>
Beginning Net Position				(12,501,466)
Prior Period Restatement				26,584
Beginning Net Position (As Restated)				<u>(12,474,882)</u>
Ending Net Position				<u>\$ (10,724,502)</u>

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

HAYDEN SCHOOL DISTRICT RE-1
Balance Sheet
Governmental Funds
June 30, 2019

		<u>Special Revenue</u>	<u>Debt Service</u>
		<u>Transportation</u>	<u>Bond</u>
	<u>General Fund</u>	<u>Fund</u>	<u>Redemption</u>
			<u>Fund</u>
ASSETS			
Cash and Investments	\$ 2,600,822	\$ (70,995)	\$ 1,492,746
Cash with Fiscal Agent	25,232	115,023	3,638
Taxes Receivable	79,195	4,347	45,081
Interfund Accounts Receivable	19,877	185,862	-
Grants Receivable	14,856	-	-
Other Accounts Receivable	78,831	-	-
Inventory	-	-	-
Prepaid Expenses	17,685	-	-
TOTAL ASSETS	<u>\$ 2,836,498</u>	<u>\$ 234,237</u>	<u>\$ 1,541,465</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities			
Interfund Accounts Payable	\$ 191,461	\$ -	\$ 17,983
Accounts Payable	89,352	-	-
Retainage Payable	-	-	-
Loans Payable	-	114,309	-
Accrued Salaries & Benefits	554,795	-	-
Unearned Revenue	7,611	-	-
Unearned Grant Revenue	181,016	-	-
Total Liabilities	<u>1,024,235</u>	<u>114,309</u>	<u>17,983</u>
Deferred Inflows of Financial Resources			
Deferred Inflows	<u>18,333</u>	<u>1,649</u>	<u>10,436</u>
Fund Balance			
Nonspendable Fund Balance	-	-	-
Restricted Fund Balance			
Restricted for Debt Service	-	-	1,513,046
Restricted for TABOR Emergency	209,000	-	-
Committed Fund Balance			
Comitted for Fund Purposes	-	118,279	-
Assigned Fund Balance			
Other Assigned Fund Balance	-	-	-
Unassigned Fund Balance	<u>1,584,930</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>1,793,930</u>	<u>118,279</u>	<u>1,513,046</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 2,836,498</u>	<u>\$ 234,237</u>	<u>\$ 1,541,465</u>

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

<u>Capital Projects</u>		<u>Totals</u>	
<u>Building Fund</u>	<u>Capital Reserve Project Fund</u>	<u>Other Governmental Funds</u>	<u>2019</u>
\$ 1,903	\$ 814,084	\$ 142,479	\$ 4,981,039
19,617,900	-	-	19,761,793
-	-	-	128,623
-	-	6,436	212,175
-	-	-	14,856
-	-	4,073	82,904
-	-	6,596	6,596
-	-	-	17,685
<u>\$ 19,619,803</u>	<u>\$ 814,084</u>	<u>\$ 159,584</u>	<u>\$ 25,205,671</u>
\$ 1,894	\$ -	\$ 837	\$ 212,175
-	-	29	89,381
82,163	-	-	82,163
-	-	-	114,309
-	-	3,039	557,834
-	-	2,267	9,878
-	505,993	-	687,009
<u>84,057</u>	<u>505,993</u>	<u>6,172</u>	<u>1,752,749</u>
-	-	-	30,418
-	-	6,596	6,596
-	-	-	1,513,046
-	-	-	209,000
-	-	146,816	265,095
19,535,746	308,091	-	19,843,837
-	-	-	1,584,930
<u>19,535,746</u>	<u>308,091</u>	<u>153,412</u>	<u>23,422,504</u>
<u>\$ 19,619,803</u>	<u>\$ 814,084</u>	<u>\$ 159,584</u>	<u>\$ 25,205,671</u>

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HAYDEN SCHOOL DISTRICT RE-1
Reconciliation of Governmental Fund Balances
to Governmental Activities Net Position
June 30, 2019

Fund Balance - Governmental Funds		\$ 23,422,504	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, not being depreciated	\$	109,455	
Capital assets, being depreciated		12,543,101	
Accumulated depreciation		<u>(8,242,117)</u>	4,410,439
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		4,440,928	
Net pension liability		(9,887,827)	
Net pension deferred inflows		<u>(9,933,395)</u>	(15,380,294)
PERA Health Care Trust Fund (OPEB)			
Net OPEB deferred outflows		33,570	
Net OPEB liability		(493,837)	
Net OPEB deferred inflows		<u>(51,598)</u>	(511,865)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Bonds payable		(22,296,400)	
Capital leases payable		(267,909)	
Accrued interest payable		(71,329)	
Accrued compensated absences		<u>(29,648)</u>	<u>(22,665,286)</u>
Total Net Position - Governmental Activities			\$ <u>(10,724,502)</u>

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

HAYDEN SCHOOL DISTRICT RE-1
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

	<u>Special Revenue</u> <u>Debt Service</u>		
	<u>General Fund</u>	<u>Transportation Fund</u>	<u>Bond Redemption Fund</u>
REVENUES			
Local Sources	\$ 4,463,788	\$ 161,225	\$ 1,936,690
Intermediate Sources	87,253	3,000	-
State Sources	2,215,802	-	-
Federal Sources	139,162	-	-
TOTAL REVENUES	<u>6,906,005</u>	<u>164,225</u>	<u>1,936,690</u>
EXPENDITURES			
Instruction	3,141,626	-	-
Pupil Support	511,365	-	-
Staff Support	132,833	-	-
General Administration	279,252	142	-
School Administration	352,675	-	-
Business Services	137,102	249	1,700
Operations and Maintenance	542,630	-	-
Transportation	209,064	105,736	-
Other Central Support	219,326	-	-
Risk Management	42,250	-	-
Food Service	-	-	-
Facilities	-	-	-
Debt Service	60,479	-	421,944
TOTAL EXPENDITURES	<u>5,628,602</u>	<u>106,127</u>	<u>423,644</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>1,277,403</u>	<u>58,098</u>	<u>1,513,046</u>
OTHER FINANCING SOURCES (USES)			
Debt Proceeds	-	-	-
Transfer In (Out) - net	(298,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(298,000)</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>979,403</u>	<u>58,098</u>	<u>1,513,046</u>
BEGINNING FUND BALANCE	854,235	60,181	-
Prior Period Restatement	(39,708)	-	-
BEGINNING FUND BALANCE (As Restated)	<u>814,527</u>	<u>60,181</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 1,793,930</u>	<u>\$ 118,279</u>	<u>\$ 1,513,046</u>

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

<u>Capital Projects</u>			<u>Totals</u>
<u>Building Fund</u>	<u>Capital Reserve Project Fund</u>	<u>Other Governmental Funds</u>	<u>2019</u>
\$ 8	\$ 2,790	\$ 143,612	\$ 6,708,113
-	-	-	90,253
-	-	2,747	2,218,549
-	-	51,791	190,953
<u>8</u>	<u>2,790</u>	<u>198,150</u>	<u>9,207,868</u>
-	-	65,039	3,206,665
-	-	-	511,365
-	-	-	132,833
-	-	-	279,394
-	-	-	352,675
-	-	-	139,051
-	-	-	542,630
-	-	-	314,800
-	-	-	219,326
-	-	-	42,250
-	-	140,315	140,315
2,760,662	-	-	2,760,662
-	55,228	-	537,651
<u>2,760,662</u>	<u>55,228</u>	<u>205,354</u>	<u>9,179,617</u>
<u>(2,760,654)</u>	<u>(52,438)</u>	<u>(7,204)</u>	<u>28,251</u>
22,296,400	-	-	22,296,400
-	238,000	60,000	-
<u>22,296,400</u>	<u>238,000</u>	<u>60,000</u>	<u>22,296,400</u>
<u>19,535,746</u>	<u>185,562</u>	<u>52,796</u>	<u>22,324,651</u>
-	122,529	7,239	1,044,184
-	-	93,377	53,669
-	122,529	100,616	1,097,853
<u>\$ 19,535,746</u>	<u>\$ 308,091</u>	<u>\$ 153,412</u>	<u>\$ 23,422,504</u>

HAYDEN SCHOOL DISTRICT RE-1
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		\$ 22,324,651
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level		
Capitalized Asset Purchases	\$ 124,420	
Depreciation Expense	(366,290)	
Gain (Loss) on Asset Disposals	<u>(312)</u>	(242,182)
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.		
PERA Pension		
Change in deferred pension outflows	(2,697,513)	
Change in net pension liability	13,064,825	
Change in deferred pension inflows	<u>(8,447,139)</u>	1,920,173
PERA Health Care Trust Fund (OPEB)		
Change in deferred OPEB outflows	19,257	
Change in net OPEB liability	30,767	
Change in deferred OPEB inflows	<u>(43,022)</u>	7,002
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		
Proceeds from debt issuances	(22,296,400)	
Principal payments on capital leases	113,184	
Change in accrued interest payable	(71,329)	
Change in accrued compensated absences	<u>(4,719)</u>	<u>(22,259,264)</u>
Change in Net Position - Governmental Activities		<u>\$ 1,750,380</u>

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

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Hayden School District RE-1 (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* and as subsequently amended.

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

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.

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. The effects of interfund activity have been eliminated from the government-wide financial statements.

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 and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. The fiduciary funds are presented separately. As of June 30, 2019, the District no longer maintains fiduciary funds.

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

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) Fund – This fund was established to account for the repayment of the District’s general obligation debt.

Capital Project – (Capital Reserve and Building Funds) – These funds were established to account for the acquisition and construction of capital facilities and equipment other than those financed by trust funds or through bond proceeds as well as accounting for the BEST Grant funded capital improvements.

Special Revenue – (Transportation) Fund – This fund accounts for revenue sources that are legally restricted to expenditure for specific purposes.

Measurement Focus and Basis of Accounting

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.

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

- o 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.
- o Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- o Prior to June 30, the budget is adopted by formal resolution.
- o Expenditures may not legally exceed appropriations at the fund level.
- o Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- o Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Education.
- o Encumbrance accounting is not utilized.

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

Cash and Investments – The District pools cash resources of its various funds in order to facilitate the management of cash. Cash is pooled in interest bearing accounts which are comprised of certificates of deposit, savings accounts, and money market accounts which are legally authorized. Investments are stated at fair value.

Cash and Cash Equivalents – The government’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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 proprietary funds are valued at the lower of cost (first-in, first-out) or market.

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 expenditure and capitalized at cost in the government-wide presentation.

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO 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)

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. The District capitalizes all assets with a value of at least \$5,000 and a useful life in excess of one year.

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	25-50 years
Administrative Software/Systems	20 years
Equipment	5 years

Unearned Revenues – Unearned revenues include governmental grants which have been received but not yet earned as service has not been provided.

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 Notes 9 and 11.

In addition to liabilities, the statement of financial position reports 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 for prepaid student balances and pension and OPEB related deferrals as further described in Notes 9 and 11.

Accrued Compensated Absences - 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 capital leases are paid through the General Fund and are shown as expenditures in that fund. For the government-wide presentation, principal payments are reclassified as reductions in the outstanding obligation balances.

Net Position/Fund Balance - 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.

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO 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 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 balances 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, are reported as “committed” fund balance. 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. In the District's case, assignments are coordinated between the Board, Superintendent and Finance Director.

All remaining fund balance in the General Fund or deficits in the other governmental funds are presented as unassigned.

Net Position/Fund Equity 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.

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Revenues that are directly attributable to a program are shown as program revenues for the statement of activities. These revenues consist of, but are not limited to grants, fees and other charges for services. Expenditures, where eligible, are first charged to restricted net position prior to being charged against unrestricted net position. Revenues and expenses of proprietary funds are recognized in essentially the same manner as in commercial accounting.

Property Tax Revenues – Property taxes are levied on December 15 based on the assessed value of property as certified by the county assessor on October 1. 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.

Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they are levied. Property taxes are recognized as revenue when payable to the County Treasurer. Due to the nature of Colorado school district funding, uncollected property taxes levied in the current fiscal year for collection in the subsequent fiscal year are identified as property taxes receivable at June 30, and are presented net of an estimated allowance for uncollectible taxes.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2: CASH AND INVESTMENTS

A summary of deposits and investments at June 30, 2019, is provided below:

Government-wide	
Unrestricted:	
Cash and Deposits	\$ 266,665
Investments:	
Colotrust	<u>3,221,629</u>
Total Unrestricted - Government-wide	3,488,294
Restricted:	
Investments:	
ColoTrust - Bond Redemption	25,663
Zions Bank - Money Market	<u>1,467,083</u>
Total Restricted - Government-wide	<u>1,492,746</u>
Total Cash & Investments	<u>\$ 4,981,040</u>

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.

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.

	Bank Balance	Carrying Balance
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Collateralized (Not held in District's name)	<u>47,992</u>	<u>16,665</u>
Total Cash Deposits	<u>\$ 297,992</u>	<u>\$ 266,665</u>

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

Investments held as of June 30, 2019 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Not Categorized</u>	<u>Total</u>	<u>Weighted Average Maturity</u>
Zion's Bank - Morgan Stanley Liq Govt Mutual Fd	\$ -	\$ 1,467,083	\$ -	\$ -	\$ 1,467,083	N/A
Local Government Investment Pools	-	-	-	3,247,292	3,247,292	-
Total Investments	\$ -	\$ 1,467,083	\$ -	\$ 3,247,292	\$ 4,714,375	

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Mutual Funds: Valued at the proportionate share of ownership of the quoted market prices of the underlying assets.

The District recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2019, there was no changes in methods or assumptions utilized to derive the fair value of the District's assets and liabilities.

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 pool
- 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.

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

During the year ended June 30, 2019, the District invested funds in Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The pool invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pool operates similarly to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. This fund is rated AAAM by the Standard and Poor's Corporation.

Concentration of Credit Risk

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

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 as of June 30, 2019 of \$6,596 consisted of purchased and donated commodities. 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.

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 4: CAPITAL ASSETS

Activity for governmental activity capital assets which are capitalized by the District is summarized below:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Governmental Activities:				
Assets not being depreciated:				
Land	\$ 99,455	\$ -	\$ -	\$ 99,455
Water Rights	10,000	-	-	10,000
Construction in Progress	97,815	-	97,815	-
Total Assets not being depreciated	<u>207,270</u>	<u>-</u>	<u>97,815</u>	<u>109,455</u>
Assets being depreciated:				
Buildings and Improvements	9,518,441	-	-	9,518,441
Transportation equipment	780,413	222,235	155,190	847,458
Other equipment	1,373,580	-	26,371	1,347,209
Site Improvements	829,993	-	-	829,993
Total Assets being depreciated	<u>12,502,427</u>	<u>222,235</u>	<u>181,561</u>	<u>12,543,101</u>
Accumulated depreciation:				
Buildings	(5,785,992)	(211,616)	-	(5,997,608)
Transportation equipment	(662,832)	(41,559)	(154,878)	(859,269)
Other equipment	(956,047)	(79,689)	(26,371)	(1,062,107)
Site Improvements	(652,205)	(33,426)	-	(685,631)
Total Accumulated depreciation	<u>(8,057,076)</u>	<u>(366,290)</u>	<u>(181,249)</u>	<u>(8,242,117)</u>
Net Capital Assets	<u>\$ 4,652,621</u>	<u>\$ (144,055)</u>	<u>\$ 98,127</u>	<u>\$ 4,410,439</u>

Governmental activity depreciation is allocated for the statement of activities as follows:

Instruction	\$ 133,455
Supporting services	232,835
Total depreciation	<u>\$ 366,290</u>

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, are as follows:

General Fund	\$ 554,795
Food Service Fund	3,039
Total Accrued Salaries and Benefits	<u>\$ 557,834</u>

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 6: LONG-TERM DEBT

Changes in the District’s long-term debt for the year ended June 30, 2018, were as follows:

	Balance As Restated			Balance	Current	Interest
	7/1/18	Advances	Payments	6/30/19	Portion	Expense
<u>Governmental Activities</u>						
2018 GO Bonds	\$ -	\$ 22,296,400	\$ -	\$ 22,296,400	\$ 768,312	\$ 421,944
2019 Note Payable	-	114,309	-	114,309	114,309	-
Lease Obligations	381,093	-	113,185	267,908	117,986	11,389
PERA Net Pension Liability	22,952,652	-	13,064,825	9,887,827	-	-
Net OPEB Liability	524,604	-	30,767	493,837	-	-
Accrued Compensated Absences	24,929	4,719	-	29,648	-	-
Total Long Term Obligations	\$ 23,883,278	\$ 22,415,428	\$ 13,208,777	\$ 33,089,929	\$ 1,000,607	\$ 433,333
Short-term Note Obligations	\$ -	\$ 896,592	\$ 896,592	\$ -	\$ -	\$ -

General Obligation Bonds Payable

On June 1, 2019 the District issues \$22,296,4000 of general obligation bonds used to help construct a consolidated PK-12 facility as well as renovate and incorporate the existing elementary school facility into the new PK-12 facility. The issuance bears an interest rate of 3.89 percent. Interest is payable semi-annually on June 1 and December 1 of each year. Principal is payable over a period of twenty years and is payable annually on December 1 of each year.

Principal and interest is payable on the outstanding obligations as follows:

Bond Amortization			
Fiscal Year	Principal	Interest	Total Payment
2020	\$ 768,312	\$ 847,016	\$ 1,615,328
2021	786,167	\$ 822,786	1,608,953
2022	816,773	\$ 791,584	1,608,357
2023	848,570	\$ 759,169	1,607,739
2024	881,605	\$ 725,491	1,607,096
2025-2029	4,950,350	3,074,570	8,024,920
2030-2034	5,991,939	2,012,752	8,004,691
2035-2039	7,252,684	727,419	7,980,103
Totals	<u>\$ 22,296,400</u>	<u>\$ 9,760,787</u>	<u>\$ 32,057,187</u>

Capital Leases

On August 15, 2007, the School District entered into a Lease Agreement with All American Investment Group LLC for energy efficient upgrades to the buildings. Title to the equipment is vested in the School District. The lease payments are payable at 3.05% interest rate. This lease refinance in March 2013. The new lease is payable quarterly at 2.95% interest rate. In case of default or event of nonappropriation the lease will be cancelled or terminated at lessor’s option. Under this scenario the District may be required to deliver the equipment to the lessor, and the lessor may exercise any other right or remedy available at law or in equity.

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 6: LONG-TERM DEBT (Continued)

Capital Leases (Continued)

The following is a schedule by years of future minimum lease payments under the lease agreement as of June 30, 2019:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2020	\$ 51,263	\$ 5,070	\$ 56,333
2021	53,928	3,532	57,460
2022	56,695	1,913	58,608
2023	29,271	324	29,595
Total	<u>\$ 191,157</u>	<u>\$ 10,839</u>	<u>\$ 201,996</u>

In August 2015, the School District entered into a Lease Agreement with Key Bank for wireless system upgrades. Title to the Equipment is vested in the School District. The lease payments are payable monthly at 3.192% interest rate. The following is a schedule by years of future minimum under the lease agreement as of June 30, 2019:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2020	\$ 58,581.0	\$ 1,897.0	\$ 60,478.0

In August 2016, the School District entered into a copier Lease Agreement with Great America Financial Services. Monthly payments of \$739 are due through August 2021, at an estimated interest rate of 5.0%. In the event of default all past due, current and future amounts will become immediately due and payable plus lessor's booked residual both discounted at 4 percent per year, interest payable on all past due amounts at 1.5%, be required to return equipment at lessee's expense to lessor, demand payment of all out-of-pocket costs incurred by the lessor, and exercise any other right, remedy or privilege available under applicable laws.

The following is a schedule by years of future minimum under the lease agreement as of June 30, 2019:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2020	\$ 8,142	\$ 724	8,866
2021	8,559	307	8,866
2022	1,469	10	1,479
Total	<u>\$ 18,170</u>	<u>\$ 1,041</u>	<u>\$ 19,211</u>

The School entered a \$114,309 note payable with Colorado/West Equipment, Inc. in April 2019, for the purchase of 2 buses. The first payment was made September 2019 with the remaining owed by May 2020.

Short-Term Obligations

The School entered into a \$57,875 note payable with Colorado/West Equipment, Inc. in November 2018, for the remaining balance on a purchased bus. The loan matured in June 2019 with no stated interest. The School repaid the balance during the fiscal year.

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 6: LONG-TERM DEBT (Continued)

Accrued Compensated Absences

All employees, regardless of position, will be awarded annual leave by length of contract criteria. One leave day awarded per month. The District allows eligible employees to accrue annual leave up to a maximum of 60 days. Upon termination, the full accumulation is paid. The estimated liability is reflected as a long term liability. Payments for unused leave are typically funded through the General Fund.

NOTE 7: JOINTLY GOVERNED ORGANIZATION

The District is participant among five districts in a jointly governed organization to operate the Northwest Colorado Board of Cooperative Education 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: 325 7th St., Steamboat Springs, CO 80487. The District paid total assessments of \$13,116 to the BOCES for the year ended June 30, 2019.

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Colorado School Districts Self Insurance Pool

For liability and property claims, the District is involved with the Colorado School Districts Self Insurance Pool, a separate and independent governmental and legal entity formed by intergovernmental agreement by member districts.

The purposes of the Pool are to provide members defined liability, property, and workers compensation coverage and to assist members to prevent and reduce losses and injuries to property and to persons or property which might result in claims being made against members of the Pool, their employees and officers.

It is the intent of the members of the Pool to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of the Pool against stated liability of loss, to the limit of the financial resources of the Pool. It is also the intent of the members to have the Pool provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of the Pool shall be at all times dedicated to the exclusive benefit of its members.

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 8: RISK MANAGEMENT (Continued)

The Pool is a separate legal entity and the District does not approve budgets nor does it have ability to significantly affect the operations of the Pool.

Other Insurance

The District carries commercial insurance for other risks of loss, including workers compensation.

NOTE 9: 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.

General Information about the Pension Plan

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

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

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

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.

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.

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 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.

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:

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

	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%
Total employer contribution rate to the SCHDTF	19.13%	19.13%

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

As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a 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 \$587,270 for the year ended June 30, 2019.

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 \$9,887,827 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:

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

District's proportionate share of the net pension liability	\$	(9,887,827)
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	\$	(1,189,390)
Total	\$	(11,077,217)

At December 31, 2018, the District proportion was 0.05584 percent, which was a decrease of 0.01514 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension income of \$1,363,181 primarily related to assumption and State Contribution adjustments and revenue of \$1,189,390 for support from the State of Colorado 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	\$ 378,157	\$ -
Changes of assumptions or other inputs	\$ 2,358,804	\$ (6,149,165)
Net difference between projected and actual earnings on pension plan investments	\$ 1,380,788	\$ (1,017,298)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 27,430	\$ (2,766,932)
Contributions subsequent to the measurement date	\$ 295,749	\$ -
Total	\$ 4,440,928	\$ (9,933,395)

\$295,749 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:

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

Year Ended June 30:	Fiscal Year Totals
2020	\$ (993,418)
2021	(3,041,623)
2022	(2,047,990)
2023	294,815
Total	\$ (5,788,216)

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

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary 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)	2.00 percent 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 after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

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

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

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

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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 Rate of Return
U.S Equity - Large Cap	21.20%	4.30%
U.S Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

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

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

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: 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.

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: 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)	\$ (12,570,680)	\$ (9,887,827)	\$ (7,636,460)

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

NOTE 10: 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.

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 there were contributions of \$5,764 from program members.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 11: 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.

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

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

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

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.

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.

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

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 \$31,313 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 \$493,837 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.

At December 31, 2018, the District's proportion was 0.03630 percent, which was a decrease of 0.00403 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$34,073. 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
Difference between expected and actual experience	\$ 1,992	\$ (752)
Net difference between projected and actual earnings on pension plan investments	\$ 8,758	\$ (6,577)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 3,586	\$ (44,269)
Contributions subsequent to the measurement date	\$ 15,769	\$ -
Total	\$ 33,570	\$ (51,598)

\$15,769 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:

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Year Ended June 30:	Fiscal Year Totals
2020	\$ (6,884)
2021	(6,884)
2022	(6,884)
2023	(4,692)
2024	(8,123)
2025	(330)
Total	\$ (33,797)

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

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.

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 11: 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:

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

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

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

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

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

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

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.

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 11: 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.

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:

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

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

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

Sensitivity of the 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:

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates			
	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)	\$ (480,200)	\$ (493,837)	\$ (509,522)

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.

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

Sensitivity of the 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)	\$ (552,560)	\$ (493,837)	\$ (443,634)

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.

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 12: INTERFUND ACTIVITY

The District has recorded the following routine transfers:

Transfer From	Transfer To	Amount
General Fund	Capital Projects Fund	\$ 238,000
General Fund	Food Service Fund	60,000
		<u>\$ 298,000</u>

The District also reported balances that were due (to) from other funds as follows:

	Interfund	
	Receivable	Payable
General Fund	\$ 19,878	\$ 191,461
Food Service	4,841	-
Pupil Activity	1,595	837
Bond Redemption	185,862	17,984
Building	-	1,894
Balance	<u>\$ 212,176</u>	<u>\$ 212,176</u>

NOTE 13: COMMITMENTS AND CONTINGENCIES

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

Tabor Amendment – In November 1992, Colorado voters passed Article X, Section 20, (the Tabor Amendment), to the State Constitution which limits state and local government tax powers and imposes spending limitations. The District is subject to the Amendment. In November 1997, voters within the District passed a ballot issue which allows the District to collect, retain, and expend all revenues collected or received for the 1996-97 fiscal year and each subsequent year thereafter.

The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. The District has established an emergency reserve of \$209,000, as required by the Amendment.

The District has outstanding BEST grant related construction commitments of \$53,601,311 of which \$19,623,072 is expected to be funded by the District. The District had \$19,617,900 remaining in construction escrow funds as of June 30, 2019.

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 14: PRIOR PERIOD RESTATEMENT

Fund Level Activities

The District previously reported the activity of the Pupil Activity Agency Fund as a fiduciary fund. Beginning in fiscal year 2018-2019, such activity has been reported in a special revenue fund. Accordingly, the newly established special revenue fund reports a restated beginning balance of \$93,377, which is equal to the amounts previously reported in the agency fund.

The District has reduced the beginning General Fund net position by \$39,708 due to an incorrect receivable accrual that was recognized as of June 30, 2018. Net restatements for Fund Level Activities, are as follows:

	Fund Level Activities
Pupil Activity Special Revenue Fund Restatement	\$ 93,377
General Fund Receivable Restatement	(39,708)
Net Restatements for Governmental Funds	\$ 53,669
Pupil Activity Agency Fund Restatement	\$ (93,377)

Governmental Activities

In additions 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 \$23,760.

In fiscal year 2017 the District had entered into a copier lease agreement that had not been incorporated into the financial statement Governmental Activities, the beginning balance restatement of \$25,916 is to record fiscal year 2018 lease ending balance. In addition, the District has also restated long-term debt beginning balance to include accrued compensated absences of \$24,929. Net restatements for Governmental Activities, are as follows:

	Governmental Activities
Adjustment to Change in Proportion - Pension	\$ 23,760
Net Governmental Fund restatements - Above	53,669
Restated Long-term Debt - Copier Lease	(25,916)
Restated Long-term Debt - Accrued Compensated Absences	(24,929)
Net Restatements for Governmental Activities	\$ 26,584

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 15: DEFICIT NET POSITION

The Governmental Activities has an overall net position deficit of \$(10,724,502) and an unrestricted net position of \$(13,917,174), primarily due to the PERA net pension liability of \$9,887,827, as further described in Note 9, the net OPEB liability of \$493,837 and related deferrals as further described in Note 11. As the District has no control over pension benefits or contribution rates, the District expects this deficit net position to continue for the foreseeable future.

NOTE 16: BUDGET VIOLATION

For the year ended June 30, 2019, the District had a budget violation in the General Fund in the amount of \$318,333 and did not adopt a budget for the Transportation, Bond Redemption, Building and Capital Reserve Project Funds, which may be a violation of state statutes.

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REQUIRED SUPPLEMENTARY INFORMATION
(Pension Schedules - Unaudited)

HAYDEN SCHOOL DISTRICT RE-1

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

PERA Pension Plan

Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year Ended</u>	<u>District proportion of the net Pension asset (liability)</u>	<u>District proportionate share of the net Pension asset (liability)</u>	<u>Non-employer contributing entity's total proportionate share of the net Pension asset (liability)</u>	<u>Total proportionate share associated with District</u>	<u>District covered payroll</u>	<u>District proportionate share of the net Pension asset (liability) as a</u>	<u>Plan fiduciary net position as a percentage of the total Pension liability</u>
June 30, 2014	0.068734%	\$ (8,766,967)	\$ -	\$ (8,766,967)	\$ 2,770,871	316.40%	64.07%
June 30, 2015	0.069775%	\$ (9,456,903)	\$ -	\$ (9,456,903)	\$ 2,923,264	323.50%	62.84%
June 30, 2016	0.070233%	\$ (10,741,574)	\$ -	\$ (10,741,574)	\$ 3,060,718	350.95%	59.16%
June 30, 2017	0.000717%	\$ (21,341,367)	\$ -	\$ (21,341,367)	\$ 3,217,045	663.38%	43.13%
June 30, 2018	0.070981%	\$ (22,952,652)	\$ -	\$ (22,952,652)	\$ 3,274,254	701.00%	43.96%
June 30, 2019	0.055841%	\$ (9,887,827)	\$ (1,189,390)	\$ (11,077,217)	\$ 3,069,889	322.09%	57.01%

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

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

See the accompanying Independent Auditors' Report.

HAYDEN SCHOOL DISTRICT RE-1

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

<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	\$ 430,317	(430,317)	-	\$ 2,770,871	15.53%
June 30, 2015	480,263	(480,263)	-	\$ 2,923,264	16.43%
June 30, 2016	530,423	(530,423)	-	\$ 3,060,718	17.33%
June 30, 2017	583,250	(583,250)	-	\$ 3,217,045	18.13%
June 30, 2018	609,994	(609,994)	-	\$ 3,274,254	18.63%
June 30, 2019	587,270	(587,270)	-	\$ 3,069,889	19.13%

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

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

See the accompanying Independent Auditors' Report.

HAYDEN SCHOOL DISTRICT RE-1

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB ASSET (LIABILITY)
PERA Health Care Trust Fund
Last 10 Fiscal Years⁽¹⁾**

Fiscal Year Ended	District's proportion of the net OPEB asset (liability)	District's proportionate share of the net OPEB asset (liability)	District's covered payroll	District's proportionate share of the net OPEB asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
June 30, 2017	0.040743%	\$ (528,244)	\$ 3,217,046	16.42%	16.70%
June 30, 2018	0.040331%	(524,141)	\$ 3,274,254	16.01%	17.53%
June 30, 2019	0.000363%	(493,837)	\$ 3,069,889	16.09%	17.03%

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

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

See the accompanying Independent Auditors' Report.

HAYDEN SCHOOL DISTRICT RE-1

SCHEDULE OF DISTRICT'S CONTRIBUTIONS

PERA Health Care Trust Fund

Last 10 Fiscal Years⁽¹⁾

<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	\$ 32,814	\$ (32,814)	\$ -	\$ 3,217,046	1.02%
June 30, 2018	33,397	(33,397)	-	3,274,254	1.02%
June 30, 2019	31,313	(31,313)	-	3,069,889	1.02%

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

⁽¹⁾ - 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)

HAYDEN SCHOOL DISTRICT RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2019

	2019			
	Original	Final	Actual	Variance
	Budget	Budget		with Final
				Budget
REVENUES				
Local Sources				
Property Taxes	\$ 3,204,808	\$ 3,204,808	\$ 3,398,660	\$ 193,852
Specific Ownership Taxes	230,000	230,000	302,183	72,183
Delinquent Taxes	60,000	60,000	25,222	(34,778)
Other Taxes	-	-	81,431	81,431
Tuition From Individuals	-	-	35,444	35,444
Transportation Fees	-	-	-	-
Investment Earnings	2,000	2,000	19,204	17,204
Pupil Activity Revenues	34,100	34,100	13,899	(20,201)
Fees	42,700	42,700	53,299	10,599
Community Service Revenue	-	-	76,337	76,337
Donations	40,000	40,000	58,711	18,711
Sale of Fixed Assets/Insurance Proceeds	-	-	8,462	8,462
Other Local	230,000	230,000	390,936	160,936
Total Local Sources	<u>3,843,608</u>	<u>3,843,608</u>	<u>4,463,788</u>	<u>620,180</u>
Intermediate Sources				
Mineral Leases	40,000	40,000	87,253	47,253
State Sources				
State Share (Equalization)	1,336,686	1,336,686	1,360,708	24,022
Hold Harmless	-	-	43,070	43,070
State Transportation	40,000	40,000	40,648	648
State Grants from CDE				
State ELPA: Professional Development and Student Support	-	-	3,642	3,642
State ELPA	-	-	3,585	3,585
Small Rural Schools Additional Funding	100,000	100,000	148,899	48,899
Additional At-Risk Funding	-	-	1,573	1,573
Early Literacy Grant	100,000	100,000	112,960	12,960
READ Act	6,500	6,500	5,009	(1,491)
State Grants to Libraries	3,500	3,500	3,500	-
Other CDE State Grants	270,000	270,000	269,496	(504)
State Grants from Other Agencies				
State Vocational Education	18,000	18,000	38,936	20,936
State Grants Provided through BOCES	26,500	26,500	103,476	76,976
Total State Sources	<u>1,901,186</u>	<u>1,901,186</u>	<u>2,215,803</u>	<u>314,617</u>
Federal Sources				
Federal Grants from CDE				
NCLB Title I, Part A - Improving Basic Programs Operated by Schools	44,000	44,000	44,495	495
NCLB Title II, Part A - Teacher & Principal Training	-	-	7,858	7,858
ESSA, Title IV-A: Student Support and Academic Enrichment Grants	-	-	10,000	10,000
EASI Title I Revenue	-	-	64,100	64,100
Title III ELL Grant Revenue	-	-	285	285
Other Old Federal Grant Codes	9,200	9,200	-	(9,200)
Direct Federal Revenue				
NCLB, Title VI, Part B, Sub-part I: REAP: Rural Education Initiatives	8,500	8,500	-	(8,500)
Federal Provided through BOCES	9,000	9,000	12,424	3,424
Total Federal Sources	<u>70,700</u>	<u>70,700</u>	<u>139,162</u>	<u>68,462</u>
TOTAL REVENUES	<u>5,855,494</u>	<u>5,855,494</u>	<u>6,906,006</u>	<u>1,050,512</u>

(Continued)
See the accompanying Independent Auditors' Report

HAYDEN SCHOOL DISTRICT RE-1
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 General Fund
 For the Year Ended June 30, 2019

	2019			
	Original Budget	Final Budget	Actual	Variance with Final Budget
(Continued)				
EXPENDITURES				
Instruction				
Salaries	1,912,613	1,912,613	1,890,991	21,622
Benefits	725,504	725,504	786,380	(60,876)
PS - Professional	91,975	91,975	107,332	(15,357)
PS - Property	6,245	6,245	8,534	(2,289)
PS - Other	63,880	63,880	188,814	(124,934)
Supplies	57,137	57,137	144,128	(86,991)
Property	-	-	19	(19)
Total Instruction	<u>2,857,354</u>	<u>2,857,354</u>	<u>3,141,626</u>	<u>(284,272)</u>
Supporting Services				
Pupil Support				
Salaries	228,081	228,081	252,380	(24,299)
Benefits	89,705	89,705	86,987	2,718
PS - Professional	500	500	16,053	(15,553)
PS - Other	2,490	2,490	37,428	(34,938)
Supplies	-	-	115,331	(115,331)
Total Pupil Support	<u>320,776</u>	<u>320,776</u>	<u>511,366</u>	<u>(190,590)</u>
Staff Support				
Salaries	63,523	63,523	60,828	2,695
Benefits	24,272	24,272	37,112	(12,840)
PS - Professional	1,000	1,000	7,157	(6,157)
PS - Other	6,215	6,215	13,497	(7,282)
Supplies	16,290	16,290	19,301	(3,011)
Property	-	-	(5,062)	5,062
Total Staff Support	<u>111,300</u>	<u>111,300</u>	<u>132,833</u>	<u>(21,533)</u>
General Administration				
Salaries	140,804	140,804	149,361	(8,557)
Benefits	90,380	90,380	67,139	23,241
PS - Professional	29,000	29,000	26,290	2,710
PS - Other	48,000	48,000	29,717	18,283
Supplies	48,529	48,529	6,746	41,783
Total General Administration	<u>356,713</u>	<u>356,713</u>	<u>279,253</u>	<u>77,460</u>
School Administration				
Salaries	239,252	239,252	241,921	(2,669)
Benefits	91,804	91,804	94,189	(2,385)
PS - Professional	5,000	5,000	1,891	3,109
PS - Property	4,100	4,100	8,223	(4,123)
PS - Other	4,047	4,047	3,317	730
Supplies	3,280	3,280	2,384	896
Other Expenses	-	-	750	(750)
Total School Administration	<u>347,483</u>	<u>347,483</u>	<u>352,675</u>	<u>(5,192)</u>

(Continued)
 See the accompanying Independent Auditors' Report

HAYDEN SCHOOL DISTRICT RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2019

	2019			
	Original Budget	Final Budget	Actual	Variance with Final Budget
(Continued)				
EXPENDITURES (Continued)				
Supporting Services (Continued)				
Business Services				
Salaries	89,700	89,700	87,554	2,146
Benefits	30,797	30,797	31,259	(462)
PS - Professional	-	-	240	(240)
PS - Property	10,500	10,500	15,023	(4,523)
PS - Other	2,500	2,500	1,427	1,073
Supplies	1,540	1,540	1,599	(59)
Total Business Services	<u>135,037</u>	<u>135,037</u>	<u>137,102</u>	<u>(2,065)</u>
Operations and Maintenance				
Salaries	156,752	156,752	170,793	(14,041)
Benefits	55,178	55,178	65,102	(9,924)
PS - Professional	5,211	5,211	4,062	1,149
PS - Property	76,060	76,060	81,659	(5,599)
PS - Other	81,053	81,053	72,834	8,219
Supplies	143,600	143,600	148,180	(4,580)
Total Operations and Maintenance	<u>517,854</u>	<u>517,854</u>	<u>542,630</u>	<u>(24,776)</u>
Transportation				
Salaries	114,704	114,704	110,573	4,131
Benefits	31,185	31,185	31,323	(138)
PS - Professional	2,500	2,500	4,055	(1,555)
PS - Property	1,000	1,000	2,918	(1,918)
PS - Other	41,500	41,500	31,073	10,427
Supplies	62,050	62,050	48,230	13,820
Property	-	-	95	(95)
Total Transportation	<u>252,939</u>	<u>252,939</u>	<u>209,064</u>	<u>43,875</u>
Other Central Support				
Salaries	86,145	86,145	79,063	7,082
Benefits	28,456	28,456	28,931	(475)
PS - Professional	19,670	19,670	27,653	(7,983)
PS - Other	23,100	23,100	23,197	(97)
Supplies	130,000	130,000	60,482	69,518
Total Other Central Support	<u>287,371</u>	<u>287,371</u>	<u>219,326</u>	<u>68,045</u>
Risk Management				
PS - Other	<u>62,346</u>	<u>62,346</u>	<u>42,250</u>	<u>20,096</u>
Debt Service				
Principal	-	-	56,743	(56,743)
Interest	-	-	3,736	(3,736)
Total Debt Service	<u>-</u>	<u>-</u>	<u>60,479</u>	<u>(60,479)</u>
TOTAL EXPENDITURES	<u>5,249,173</u>	<u>5,249,173</u>	<u>5,628,604</u>	<u>(379,431)</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	606,321	606,321	1,277,402	671,081
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	(298,000)	(298,000)
CHANGE IN FUND BALANCE	<u>606,321</u>	<u>606,321</u>	<u>979,402</u>	<u>373,081</u>
BEGINNING FUND BALANCE	(606,321)	(606,321)	854,235	1,460,556
PRIOR PERIOD RESTATEMENT	-	-	(39,708)	(39,708)
BEGINNING FUND BALANCE (As Restated)	<u>(606,321)</u>	<u>(606,321)</u>	<u>814,527</u>	<u>1,420,848</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,793,929</u>	<u>\$ 1,793,929</u>

See accompanying Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

HAYDEN SCHOOL DISTRICT RE-1
 Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2019

	Special Revenue		Totals
	Food Service Fund	Pupil Activity Fund	2019
ASSETS			
Cash and Investments	\$ 18,517	\$ 123,962	\$ 142,479
Interfund Accounts Receivable	4,841	1,595	6,436
Other Accounts Receivable	4,073	-	4,073
Inventory	6,596	-	6,596
TOTAL ASSETS	\$ 34,027	\$ 125,557	\$ 159,584
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities			
Interfund Accounts Payable	\$ -	\$ 837	\$ 837
Accounts Payable	29	-	29
Accrued Salaries & Benefits	3,039	-	3,039
Unearned Revenue	2,267	-	2,267
Total Liabilities	5,335	837	6,172
Fund Balance			
Nonspendable Fund Balance	6,596	-	6,596
Committed Fund Balance			
Committed for Fund Purposes	22,096	124,720	146,816
Total Fund Balance	28,692	124,720	153,412
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 34,027	\$ 125,557	\$ 159,584

See accompanying Independent Auditors' Report.

HAYDEN SCHOOL DISTRICT RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	<u>Special Revenue</u>		<u>Totals</u>
	<u>Food Service</u>	<u>Pupil Activity</u>	
	<u>Fund</u>	<u>Fund</u>	<u>2019</u>
REVENUES			
Local Sources	\$ 47,230	\$ 96,382	\$ 143,612
State Sources	2,747	-	2,747
Federal Sources	51,791	-	51,791
TOTAL REVENUES	<u>101,768</u>	<u>96,382</u>	<u>198,150</u>
EXPENDITURES			
Instruction	-	65,039	65,039
Food Service	140,315	-	140,315
TOTAL EXPENDITURES	<u>140,315</u>	<u>65,039</u>	<u>205,354</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(38,547)	31,343	(7,204)
OTHER FINANCING SOURCES (USES)			
Transfer In (Out) - net	60,000	-	60,000
CHANGE IN FUND BALANCE	<u>21,453</u>	<u>31,343</u>	<u>52,796</u>
BEGINNING FUND BALANCE	7,239	-	7,239
Prior Period Adjustment	-	93,377	93,377
BEGINNING FUND BALANCE (As Restated)	<u>7,239</u>	<u>93,377</u>	<u>100,616</u>
ENDING FUND BALANCE	<u>\$ 28,692</u>	<u>\$ 124,720</u>	<u>\$ 153,412</u>

See accompanying Independent Auditors' Report.

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SPECIAL REVENUE FUNDS

Food Service, Pupil Activity and Transportation Funds

These funds account for all financial activities associated with the District school lunch program, Pupil Activities and Transportation.

HAYDEN SCHOOL DISTRICT RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Food Service Fund
For the Year Ended June 30, 2019

	2019		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Local Sources			
Investment Earnings	\$ 5	\$ 195	\$ 190
Food Service Revenue	64,527	47,035	(17,492)
Total Local Sources	<u>64,532</u>	<u>47,230</u>	<u>(17,302)</u>
State Sources			
State Grants from CDE			
State Matching Child Nutrition	-	1,075	1,075
School Lunch Protection Program: Free and Reduced for Pre-K th 2	-	1,672	1,672
Other CDE State Grants	1,707	-	(1,707)
Total State Sources	<u>1,707</u>	<u>2,747</u>	<u>1,040</u>
Federal Sources			
Federal Grants from CDE			
National School Lunch Program	54,214	44,017	(10,197)
Other Old Federal Grant Codes	1,515	7,774	6,259
Total Federal Sources	<u>55,729</u>	<u>51,791</u>	<u>(3,938)</u>
TOTAL REVENUES	<u>121,968</u>	<u>101,768</u>	<u>(20,200)</u>
EXPENDITURES			
Supporting Services			
Food Service			
Salaries	73,958	68,370	5,588
Benefits	23,450	18,425	5,025
PS - Property	-	476	(476)
PS - Other	1,000	3,503	(2,503)
Supplies	1,000	-	1,000
Food	52,160	37,548	14,612
Commodities	8,200	9,388	(1,188)
Other Expenses	2,200	2,605	(405)
TOTAL EXPENDITURES	<u>161,968</u>	<u>140,315</u>	<u>21,653</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(40,000)	(38,547)	1,453
OTHER FINANCING SOURCES (USES)			
Transfers	40,000	60,000	20,000
CHANGE IN FUND BALANCE	-	21,453	21,453
BEGINNING FUND BALANCE	-	7,239	7,239
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 28,692</u>	<u>\$ 28,692</u>

See accompanying Independent Auditors' Report.

HAYDEN SCHOOL DISTRICT RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Pupil Activity Fund
For the Year Ended June 30, 2019

	2019		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Local Sources			
Investment Earnings	\$ -	\$ 440	\$ 440
Pupil Activity Revenues	-	95,942	95,942
TOTAL REVENUES	<u>-</u>	<u>96,382</u>	<u>96,382</u>
EXPENDITURES			
Instruction			
Supplies	93,377	64,679	28,698
CHANGE IN FUND BALANCE	<u>(93,377)</u>	<u>31,343</u>	<u>124,720</u>
BEGINNING FUND BALANCE	93,377	-	(93,377)
PRIOR PERIOD RESTATEMENT	-	93,377	93,377
BEGINNING FUND BALANCE (As Restated)	<u>93,377</u>	<u>93,377</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 124,720</u>	<u>\$ 124,720</u>

See accompanying Independent Auditors' Report.

HAYDEN SCHOOL DISTRICT RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Transportation Fund
For the Year Ended June 30, 2019

	2019		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Local Sources			
Property Taxes	\$ -	\$ 150,494	\$ 150,494
Specific Ownership Taxes	-	9,503	9,503
Delinquent Taxes	-	197	197
Other Taxes	-	836	836
Investment Earnings	-	195	195
Total Local Sources	<u>-</u>	<u>161,225</u>	<u>161,225</u>
Intermediate Sources			
Mineral Leases	-	3,000	3,000
TOTAL REVENUES	<u>-</u>	<u>164,225</u>	<u>164,225</u>
EXPENDITURES			
Supporting Services			
General Administration			
PS - Professional	-	142	(142)
Business Services			
PS - Professional	-	249	(249)
Transportation			
PS - Professional	-	(4)	4
Property	-	105,740	(105,740)
Total Transportation	<u>-</u>	<u>105,736</u>	<u>(105,736)</u>
TOTAL EXPENDITURES	<u>-</u>	<u>106,127</u>	<u>(106,127)</u>
CHANGE IN FUND BALANCE	-	58,098	58,098
BEGINNING FUND BALANCE	-	60,181	60,181
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 118,279</u>	<u>\$ 118,279</u>

See accompanying Independent Auditors' Report.

DEBT SERVICE FUND

This fund is used to account for the repayment of the District's bonded debt.

HAYDEN SCHOOL DISTRICT RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Bond Redemption Fund
For the Year Ended June 30, 2019

	2019		
	Final		Variance
	Budget	Actual	with Final
	Budget		Budget
REVENUES			
Local Sources			
Property Taxes	\$ -	\$ 1,934,518	\$ 1,934,518
Investment Earnings	-	2,172	2,172
TOTAL REVENUES	<u>-</u>	<u>1,936,690</u>	<u>1,936,690</u>
EXPENDITURES			
Supporting Services			
Business Services			
PS - Professional	-	1,700	(1,700)
Debt Service			
Interest	-	421,944	(421,944)
TOTAL EXPENDITURES	<u>-</u>	<u>423,644</u>	<u>(423,644)</u>
CHANGE IN FUND BALANCE	-	1,513,046	1,513,046
BEGINNING FUND BALANCE	-	-	-
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 1,513,046</u>	<u>\$ 1,513,046</u>

See accompanying Independent Auditors' Report.

CAPITAL PROJECTS FUNDS

Building and Capital Reserve Projects Funds

These funds account for the District's major capital improvement and acquisition activities.

HAYDEN SCHOOL DISTRICT RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Building Fund
For the Year Ended June 30, 2019

	2019		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Local Sources			
Investment Earnings	\$ -	\$ 8	\$ 8
EXPENDITURES			
Facilities/Capital Outlay			
Buildings	-	2,760,662	(2,760,662)
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	-	(2,760,654)	(2,760,654)
OTHER FINANCING SOURCES (USES)			
Debt Proceeds	-	22,296,400	22,296,400
CHANGE IN FUND BALANCE	-	19,535,746	19,535,746
BEGINNING FUND BALANCE	-	-	-
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 19,535,746</u>	<u>\$ 19,535,746</u>

See accompanying Independent Auditors' Report.

HAYDEN SCHOOL DISTRICT RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Reserve Project Fund
For the Year Ended June 30, 2019

	2019		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Local Sources			
Investment Earnings	\$ -	\$ 2,790	\$ 2,790
EXPENDITURES			
Debt Service			
Principal	-	48,696	(48,696)
Interest	-	6,532	(6,532)
TOTAL EXPENDITURES	-	55,228	(55,228)
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	-	(52,438)	(52,438)
OTHER FINANCING SOURCES (USES)			
Transfers	-	238,000	238,000
CHANGE IN FUND BALANCE	-	185,562	185,562
BEGINNING FUND BALANCE	-	122,529	122,529
ENDING FUND BALANCE	\$ -	\$ 308,091	\$ 308,091

See accompanying Independent Auditors' Report.

HAYDEN SCHOOL DISTRICT RE-1
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

	2019		
	Final Budget	Actual	Variance with Final Budget
BEGINNING NET POSITION	\$ -	\$ 93,377	\$ 93,377
Prior Period Restatement	-	(93,377)	(93,377)
BEGINNING NET POSITION (As Restated)	-	-	-
ENDING NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 2760 - Hayden RE-1
 Fiscal Year 2018-19
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
	+		-	=
Governmental				
10 General Fund	814,527	6,608,004	5,628,602	1,793,930
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	814,527	6,608,004	5,628,602	1,793,930
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	7,239	161,767	140,314	28,692
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	93,377	96,382	65,039	124,720
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	60,181	164,225	106,127	118,279
31 Bond Redemption Fund	0	1,936,690	423,644	1,513,046
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	22,296,409	2,760,662	19,535,746
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	122,529	240,790	55,228	308,091
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	1,097,853	31,504,268	9,179,616	23,422,504
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

FINAL



Colorado Department of Education

Bolded Balance Sheet Report

District: 2760 - Hayden RE-1

Fiscal Year 2018-19

Colorado School District/BOCES

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
ASSETS															
Cash and Investments (8100-8104,8111)	2,600,822	0	0	52,967	0	18,517	1,492,746	815,987	0	0	0	0	0	0	4,981,040
Cash with Fiscal Agent (8105)	25,232	0	0	115,023	0	0	3,638	19,617,900	0	0	0	0	0	0	19,761,793
Taxes Receivable (8121,8122)	79,195	0	0	4,346	0	0	45,081	0	0	0	0	0	0	0	128,623
Interfund Loans Receivable (8131,8132)	19,878	0	0	187,457	0	4,841	0	0	0	0	0	0	0	0	212,176
Grants Accounts Receivable (8142)	14,856	0	0	0	0	0	0	0	0	0	0	0	0	0	14,856
Other Receivables (8151-8154,8161)	78,831	0	0	0	0	4,073	0	0	0	0	0	0	0	0	82,904
Inventories (8171,8172,8173)	0	0	0	0	0	6,596	0	0	0	0	0	0	0	0	6,596
Prepaid Expenses 8181,8182)	17,685	0	0	0	0	0	0	0	0	0	0	0	0	0	17,685
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	2,836,498	0	0	359,794	0	34,027	1,541,465	20,433,887	0	0	0	0	0	0	25,205,672

Governmental

Proprietary

Fiduciary

FUND EQUITY	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	6,596	0	0	0	0	0	0	0	0	6,596
Restricted Fund Balance 6720	0	0	0	0	0	1,513,046	1,513,046	0	0	0	0	0	0	0	1,513,046
TABOR 3% Emergency Reserve 6721	209,000	0	0	0	0	0	0	0	0	0	0	0	0	0	209,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	0	0	0	149,622	0	22,096	0	0	0	0	0	0	0	0	171,719
Assigned Fund Balance 6760	0	0	0	0	0	0	0	19,843,837	0	0	0	0	0	0	19,843,837
Unassigned Fund Balance 6770	1,624,638	0	0	0	0	0	0	0	0	0	0	0	93,377	0	1,718,014
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	-39,708	0	0	93,377	0	0	0	0	0	0	0	0	-93,377	0	-39,708
Total Fund Equity	1,793,930	0	0	242,999	0	28,692	1,513,046	19,843,837	0	0	0	0	0	0	23,422,504

	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
Total Liabilities & Fund Equity	2,836,498	0	0	359,794	0	34,027	1,541,465	20,433,887	0	0	0	0	0	0	25,205,672

	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
Do Assets=Liability+Fund Equity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes