

McCLAVE SCHOOL DISTRICT

NUMBER RE-2

McCLAVE, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2019

DIXON, WALLER & CO., INC.

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McCLAVE SCHOOL DISTRICT
NUMBER RE-2

FINANCIAL STATEMENTS

JUNE 30, 2019

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McCLAVE SCHOOL DISTRICT NUMBER RE-2
ROSTER OF SCHOOL OFFICIALS
June 30, 2019

BOARD OF EDUCATION

Teale Hemphill	President
Justin Miller	Vice-President
Stephanie Malone	Secretary
Jack Goble	Treasurer
Terri Beckett	BOCES Director

SCHOOL OFFICIALS

Merkin Holmes	Superintendent
Mary Cass	Business Manager

FINANCIAL SECTION

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TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

INDEPENDENT AUDITOR'S REPORT

Board of Education
McClave School District Number RE-2
McClave, Colorado 81057

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the McClave School District Number RE-2, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the McClave School District Number RE-2, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and other post employment benefits trend data on pages i through vii and 44 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the McClave School District Number RE-2's basic financial statements. The other schedules, and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



Trinidad, Colorado
November 27, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the **McClave School District Re-2**, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the twelve month period ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with and the District's financial statements, which follow this section.

Financial Highlights

- * The assets of the District exceeded its liabilities at the close of the most recent period \$6,369,488 (*total assets*) compared to \$5,795,289 (*total liabilities*.) The District participates in the Public Employee Retirement Association and has pension obligations with the implementation of Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. The District's share of these obligations is \$4,760,390 and the District is required to record a portion of that share, which shows a change in Net Position of (\$709,504). In addition, the District is carrying an accrual for salaries and benefits of \$235,004.
- * As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$2,447,051. Approximately 95 percent of this total amount, \$2,316,613 is *available for spending* at the government's discretion (*unassigned, fund balance*).
- * At the end of the current fiscal year, the unassigned fund balance for the general fund was \$2,316,613 or 72 percent of the total general fund expenditures of \$3,204,058.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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 assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental 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 requirements. The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole.

- Some funds are required by State law and/or bond covenants.
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary fund.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District maintains two governmental funds, *the capital reserve fund and the general fund*. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and debt service fund, both of which are considered to be major funds. The District adopts an annual appropriated budget for its general fund and capital reserve fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets.
- **Special Revenue funds.** *Special revenue funds* are used by state and local governments, earmarked for a specific purpose (other than business-like activities). The District uses the *special revenue fund* to report activities for its *food service* program.
- **Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separated statement of fiduciary net assets and a statement of changes in fiduciary net assets. These activities are excluded from the District's

government-wide financial statements because the District cannot use these assets to finance its operations.

Note to the financial statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statements.

Other information. Due to the District's implementation of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, data from preceding fiscal year(s) has been omitted. A comparative analysis of government-wide data will be presented in future years when the information is comparable and available.

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by \$1,510,609 as of June 30, 2019.

Table 1:

NET POSITION

	2019			2018		
	Government	Business Type	Total	Government	Business Type	Total
	Activities	Activities		Activities	Activities	
ASSETS						
Current and Other Assets	2,781,010		2,781,010	2,415,929		2,415,929
Capital Assets-Net	3,588,478		3,588,478	3,887,514		3,887,514
Deferred Outflows	1,880,946		1,880,946	2,946,508		2,946,508
Total Assets and Flows	<u>8,250,434</u>		<u>8,250,434</u>	<u>9,249,951</u>		<u>9,249,951</u>
LIABILITIES						
Current and Other Liabilities	5,370,289		5,370,289	10,104,298		10,104,298
Long Term Liabilities	425,000		425,000	480,000		480,000
Deferred Inflows	3,965,754		3,965,754	885,766		885,766
Total Liabilities and Flows	<u>9,761,043</u>		<u>9,761,043</u>	<u>11,470,064</u>		<u>11,470,064</u>
NET POSITION						
Net Investment in Capital Assets	3,108,478		3,108,478	3,357,514		3,357,514
Restricted for:						
Tabor Reserve	102,400		102,400	95,200		95,200
Multi Year Obligations	-		-	-		-
Preschool	-		-	-		-
Food Service	-		-	-		-
Debt	-		-	-		-
Unrestricted	<u>(4,721,487)</u>		<u>(4,721,487)</u>	<u>(5,672,827)</u>		<u>(5,672,827)</u>
	<u>(1,510,609)</u>		<u>(1,510,609)</u>	<u>(2,220,113)</u>		<u>(2,220,113)</u>

Investment in governmental fund capital assets (e.g., land, buildings, furniture, and equipment) less any related debt used to acquire those assets that is still outstanding is 3,108,478. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net assets represents resources that are subject to external restrictions on how they may be used. A surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having *long-term* commitments that are less than currently available resources.

Governmental activities. The District's total net position increased \$709,504. The total cost of all *governmental activities* this year was \$3,712,091. The amount that our taxpayers paid for these activities through property taxes was \$556,320 or 15%.

Table 2:
Changes in Net Position

	2019			2018		
	Gov Activities	Business Type Activities	Total	Gov Activities	Business Type Activities	Total
Revenues						
Charges for Services	99,364		99,364	80,908		80,908
Operating Grants and Contributions	686,129		686,129	448,981		448,981
Capital Grants and Contributions	-		-	-		-
Property taxes	556,320		556,320	552,905		552,905
Specific Ownership Taxes	49,930		49,930	47,729		47,729
Equalization	2,257,157		2,257,157	2,125,826		2,125,826
Earnings on investments	13,083		13,083	11,371		11,371
Gain on Sale of Assets						
Other Revenues	134,651		134,651	82,380		82,380
Pension Income	624,961		624,961	-		-
TOTAL REVENUES	4,421,595		4,421,595	3,350,100		3,350,100
Expenses						
Instructional services	2,331,630		2,331,630	1,939,616		1,939,616
Students	87,429		87,429	83,008		83,008
Instructional staff	3,500		3,500	5,189		5,189
Supporting Services:						
District administration	110,424		110,424	93,594		93,594
School administration	188,945		188,945	177,819		177,819
Business	163,266		163,266	122,165		122,165
Operation and maintenance of facilities	450,995		450,995	385,976		385,976
Transportation	151,049		151,049	169,289		169,289
Other	1,237		1,237	115		115
Community Facility	3,735		3,735	3,637		3,637
Food Service	200,945		200,945	179,519		179,519
Capital outlay						
Interest on Long Term Liabilities	15,642		15,642	17,084		17,084
Pension Expense	-		-	1,674,224		1,674,224
OPEB Expense	3,294		3,294	1,706		1,706
TOTAL EXPENSES	3,712,091		3,712,091	4,852,941		4,852,941
Increase (Decrease in Net Position)	709,504		709,504	(1,502,841)		(1,502,841)

Table - 3 Governmental Activities by Major Function

	2019			2018		
	Total Cost of Service	Charges/ Operating Grants	Net Cost of Service	Total Cost of Service	Charges/ Operating Grants	Net Cost of Service
Instructional services	2,331,630	588,797	(1,742,833)	1,939,616	315,113	(1,624,503)
Students	87,429		(87,429)	83,008		(83,008)
Instructional staff	3,500		(3,500)	5,189		(5,189)
Supporting Services:						
District administration	110,424		(110,424)	93,594		(93,594)
School administration	188,945		(188,945)	177,819		(177,819)
Business	163,266		(163,266)	122,165		(122,165)
Operation and maintenance of facilities	450,995	18,270	(432,725)	385,976	24,400	(361,576)
Transportation	151,049	14,709	(136,340)	169,289	30,934	(138,355)
Other	1,237		(1,237)	115		(115)
Community/Facility	3,735	-	(3,735)	3,637	-	(3,637)
Facility	-		-	-		-
Food Service	200,945	163,717	(37,228)	179,519	159,442	(20,077)
Capital outlay	-		-	-		-
Interest on Long Term Debt	15,642		(15,642)	17,084		(17,084)
Pension Expense	-		-	1,674,224		(1,674,224)
OPEB Expense	3,294		(3,294)	1,706		(1,706)
Total	3,712,091	785,493	(2,926,598)	4,852,941	529,889	(4,323,052)

The District was required to implement GASB 75 in 2018 resulting in a net other post-employment benefit (OPEB) liability of \$237,752. Under GASB 75 the District's proportionate share of the OPEB liability of the Colorado state retirement system Health Care Trust Fund administered by the Public Employees Retirement Association, is recorded as a liability of the District. At implementation beginning equity is restated and deferred inflows, outflows and the net OPEB liability are reported. Beginning net position of governmental activities decreased as a result of this change.

Upon implementation of GASB 75, the beginning net position of governmental activities increased \$1,502,841 to \$(2,220,113) from \$(717,272) at the end of the previous fiscal year. Fiscal year 2018 financial information has not been restated because some of the comparable information is not available.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance – related legal requirements, bond covenants, and segregation for particular purposes.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unreserved, undesignated fund balance* may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

At the end of the 2019 fiscal year, the District reported combined ending fund balances of \$2,447,051, an increase of \$327,799. Approximately 95% of this total amount was *unreserved*,

undesignated fund balance. The remainder of fund balance is *restricted* or *designated* to indicate that it is not available for new spending because it has already been committed for emergencies \$102,400 and reserve expenditures.

The general fund is the primary operating fund of the District. In 2019, the unreserved, undesignated fund balance of the General Fund was \$2,341,346, while the total fund balance was 2,443,746. As a measure of the general fund's liquidity, it may be useful to compare both unreserved, undesignated fund balance and total fund balance to the total fund expenditures.

The fund balance of the District's General Fund increased by \$344,693 during the 2019 fiscal year.

Special Revenue funds. As mentioned earlier, the District's special revenue funds provide the same type of information found in the government-wide financial statements, but in more detail. The ending fund balance on June 30, 2019 was \$28,038.

Budgetary Highlights

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2019, amounted to \$8,637,807 with an accumulated depreciation of \$5,049,329 on capital assets including land, buildings and improvements, and furniture and equipment.

Table 4: Capital Assets (Net of Depreciation)

	Governmental 2018-2019		Total 2018-2019	Governmental 2017-2018		Total 2017-2018
Land	170,676	-	170,676	170,676	-	170,676
Buildings & Site Improvements	3,469,343	(300,579)	3,168,764	3,574,690	(105,347)	3,469,343
Equipment and Vehicles	230,990	6,038	237,028	278,894	(47,904)	230,990
Food Service	16,505	(4,495)	12,010	16,742	(237)	16,505
Total Capital Assets	<u>3,887,514</u>		<u>3,588,478</u>	<u>4,041,002</u>		<u>3,887,514</u>

Long-term debt. At the end of June 30, 2019, the District had no bonded debt. But a ten year Certificate of Participation was begun on July 1, 2015, with a principal payment of \$55,000 and interest of \$14,226.25 due for 19-20.

Changes in Long Term Debt

	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
Certificates Of Participation Series 2015	530,000.00	-	50000	480,000
Deferred Refunding				-
Compensated Absences	28,608	-	6,873	21,735
	<u>558,608</u>	<u>-</u>	<u>56,873</u>	<u>501,735</u>

Information for the McClave School District regarding this report is listed below.

Primary Contact: Merlin Holmes, Superintendent

Address: P.O. Box 1
McClave, CO 81057

Phone Number: (719) 829-4517

BASIC FINANCIAL STATEMENTS

McCLAVE SCHOOL DISTRICT NUMBER RE-2
STATEMENT OF NET POSITION
June 30, 2019

	Governmental Activities	Total
<u>ASSETS</u>		
Cash and Investments	2,662,138	2,662,138
Accounts Receivable	4,785	4,785
Grants Receivable	42,329	42,329
Property Taxes Receivable	61,300	61,300
Prepaid Assets	-	-
Inventories	10,458	10,458
Capital Assets	8,637,807	8,637,807
Accumulated Depreciation	(5,049,329)	(5,049,329)
<u>Total Assets</u>	<u>6,369,488</u>	<u>6,369,488</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Pensions	1,857,837	1,857,837
Other Post Employment Benefits	23,109	23,109
<u>Total Deferred Outflow of Resources</u>	<u>1,880,946</u>	<u>1,880,946</u>
<u>LIABILITIES</u>		
Accounts Payable	53,267	53,267
Accrued Salaries and Benefits	235,004	235,004
Accrued Interest Payable	1,253	1,253
Unearned Revenue	5,888	5,888
Compensated Absences	21,735	21,735
Net Pension Obligation	4,760,390	4,760,390
Net Other Post Employment Benefits Liability	237,752	237,752
Debt – Current	55,000	55,000
Debt – Long Term	425,000	425,000
<u>Total Liabilities</u>	<u>5,795,289</u>	<u>5,795,289</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Pensions	3,957,817	3,957,817
Other Post Employment Benefits	7,937	7,937
<u>Total Deferred Inflow of Resources</u>	<u>3,965,754</u>	<u>3,965,754</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	3,108,478	3,108,478
Restricted for:		
TABOR Reserve	102,400	102,400
Preschool	-	-
Food Service	17,580	17,580
Unrestricted	(4,739,067)	(4,739,067)
<u>TOTAL NET POSITION</u>	<u>(1,510,609)</u>	<u>(1,510,609)</u>

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	Net (Expenses) Revenue and Changes in Net Position			
	Program Revenues			Primary Government
	Charges for Services	Operating Grants & Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS	Expenses	27,940	560,857	(1,742,833)
Instructional Services	2,331,630			(1,742,833)
Supporting Services:				
Students	87,429			(87,429)
Instructional Staff	3,500			(3,500)
District Administration	110,424			(110,424)
School Administration	188,945			(188,945)
Business	163,266			(163,266)
Operation & Maintenance of Facilities	450,995			(432,725)
Transportation	151,049	14,709		(136,340)
Other	1,237			(1,237)
Community Facility	3,735			(3,735)
Food Service	200,945	110,563		(37,228)
Capital Outlay				-
Interest on Long Term Liabilities	15,642			(15,642)
Pension Expense				-
OPEB Expense	3,294			(3,294)
Total Governmental Activities	3,712,091	99,364	686,129	(2,926,598)
				(3,294)
				(2,926,598)
				556,320
				49,930
				2,257,157
				13,083
				134,651
				624,961
				3,636,102
				709,504
				(2,220,113)
				(1,510,609)
				556,320
				49,930
				2,257,157
				13,083
				134,651
				624,961
				3,636,102
				709,504
				(2,220,113)
				(1,510,609)
				556,320
				49,930
				2,257,157
				13,083
				134,651
				624,961
				3,636,102
				709,504
				(2,220,113)
				(1,510,609)
				556,320
				49,930
				2,257,157
				13,083
				134,651
				624,961
				3,636,102
				709,504
				(2,220,113)
				(1,510,609)

General Revenues

Property Taxes Levied for General Purposes	556,320
Specific Ownership Taxes	49,930
Equalization	2,257,157
Earnings on Investments	13,083
Other Revenues	134,651
Pension Revenues	624,961
Total General Revenues and Transfers	3,636,102
Change in Net Position	709,504
Net Position, Beginning	(2,220,113)
Net Position, Ending	(1,510,609)

The accompanying notes are an integral part of these financial statements

McCLAVE SCHOOL DISTRICT NUMBER RE-2
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	<u>General</u>	<u>Food Service</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash	2,501,155	160,983	2,662,138
Accounts Receivable	1,000	3,785	4,785
Grants Receivable	42,329	-	42,329
Due From Other Funds	134,647	-	134,647
Prepaid Assets	-	-	-
Property Taxes Receivable	61,300	-	61,300
Inventories	-	10,458	10,458
<u>Total Assets</u>	<u>2,740,431</u>	<u>175,226</u>	<u>2,915,657</u>
<u>LIABILITIES</u>			
Accounts Payable	53,267	-	53,267
Accrued Salaries	222,463	12,541	235,004
Due To Other Funds	-	134,647	134,647
Unearned Revenue	5,888	-	5,888
<u>Total Liabilities</u>	<u>281,618</u>	<u>147,188</u>	<u>428,806</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Property Taxes	39,800	-	39,800
<u>FUND BALANCES:</u>			
Nonspendable:			
Inventories	-	10,458	10,458
Restricted:			
Emergencies	102,400	-	102,400
Preschool	-	-	-
Food Service	-	17,580	17,580
Unassigned	2,316,613	-	2,316,613
<u>Total Fund Balances</u>	<u>2,419,013</u>	<u>28,038</u>	<u>2,447,051</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>			
	<u>2,740,431</u>	<u>175,226</u>	<u>2,915,657</u>

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION

June 30, 2019

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

<u>Total Fund Balance – Governmental Funds</u>	2,447,051
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$8,637,807 and the accumulated depreciation is \$5,049,329.	3,588,478
Property tax revenue is recognized when earned (claim to resources established) rather than when “available.” All of the deferred property tax revenue is not available.	39,800
Compensated absences are not reported as a liability in the funds.	(21,735)
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(480,000)
Accrued interest on long term debt is not reported in the funds.	(1,253)
Net pension and other post employment benefits liabilities, along with associated deferred flows, are not recorded at the fund level.	
Net Pension Liability	(4,760,390)
Net Other Post Employment Benefits Liability	(237,752)
Deferred Outflows	1,880,946
Deferred Inflows	<u>(3,965,754)</u>
 <u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u>	 <u>(1,510,609)</u>

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	<u>General</u>	<u>Food Service</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Property Taxes	554,240	-	554,240
Specific Ownership Taxes	49,930	-	49,930
Earnings on Investments	12,749	334	13,083
Other Local Sources	222,004	53,154	275,158
State Aid	2,569,189	3,140	2,572,329
Federal Aid	222,391	107,423	329,814
Allocation to Reserves	-	-	-
<u>Total Revenues</u>	<u>3,630,503</u>	<u>164,051</u>	<u>3,794,554</u>
<u>EXPENDITURES</u>			
<u>Current:</u>			
Instructional Services	2,010,924	-	2,010,924
Supporting Services:			
Students	87,429	-	87,429
Instructional Staff	3,500	-	3,500
District Administration	110,424	-	110,424
School Administration	188,945	-	188,945
Business	163,266	-	163,266
Operation & Maintenance of Facilities	484,033	-	484,033
Transportation	146,554	-	146,554
Other	1,237	-	1,237
Community Service	3,735	-	3,735
Facilities	-	-	-
Food Service	-	200,945	200,945
Debt Service:			
Principal Retirement	50,000	-	50,000
Interest and Fiscal Charges	15,763	-	15,763
Capital Outlay	-	-	-
<u>Total Expenditures</u>	<u>3,265,810</u>	<u>200,945</u>	<u>3,466,755</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>364,693</u>	<u>(36,894)</u>	<u>327,799</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	(20,000)	20,000	-
<u>Total Other Financing Sources (Uses)</u>	<u>(20,000)</u>	<u>20,000</u>	-
<u>NET CHANGE IN FUND BALANCES</u>	344,693	(16,894)	327,799
<u>FUND BALANCE – Beginning</u>	<u>2,074,320</u>	<u>44,932</u>	<u>2,119,252</u>
<u>FUND BALANCES – Ending</u>	<u>2,419,013</u>	<u>28,038</u>	<u>2,447,051</u>

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2019

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

<u>Net Change in Fund Balances – Total Governmental Funds</u>		327,799
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more the \$5,000 are capitalized and the cost is allocated over their estimated used lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital Outlays more than \$5,000	80,128	
Loss on Disposition of Assets	(70,494)	
Depreciation Expense	<u>(308,670)</u>	(299,036)
<p>Property tax revenues received prior to the year for which they are being levied or are not “available” at year end are reported as deferred revenue in the governmental funds. They are, however, recorded as revenues in the statement of activities. Deferred property tax revenues decreased this year.</p>		
		2,080
<p>In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, compensated absences decreased by this amount.</p>		
		6,873
<p>The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Interest expense is recognized as it accrues in the statement of activities regardless of when it is due. The net effect of these differences follows:</p>		
Debt Payments		50,000
Accrued Interest		121
<p>The increase in net pension and other post employment benefits liabilities, along with the changes and amortizations of deferred flows associated with those liabilities, are not recorded at the fund level.</p>		
Pension Cost	624,961	
Other Post Employment Benefit Cost	<u>(3,294)</u>	<u>621,667</u>
<u>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</u>		<u>709,504</u>

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
STATEMENT OF FIDUCIARY NET POSITION
TRUST AND AGENCY FUNDS
June 30, 2019

	<u>Scholarship Trust Fund</u>	<u>Student Activities Fund</u>
<u>ASSETS</u>		
Cash and Investments	<u>496,102</u>	<u>129,829</u>
<u>Total Assets</u>	<u>496,102</u>	<u>129,829</u>
<u>LIABILITIES</u>		
Due To Student Groups	<u>-</u>	<u>129,829</u>
<u>Total Liabilities</u>	<u>-</u>	<u>129,829</u>
<u>NET POSITION</u>		
Reserved for Scholarship	<u>496,102</u>	

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2019

	<u>Budget</u>	<u>Scholarship Trust Fund</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>ADDITIONS</u>			
Other Local	-	2,900	2,900
Earnings on Investments	18,000	1,787	(16,213)
Unrealized Gain on Investments	-	5,989	5,989
<u>Total Additions</u>	<u>18,000</u>	<u>10,676</u>	<u>(7,324)</u>
<u>DEDUCTIONS</u>			
Scholarships	18,000	6,700	11,300
Unrealized Loss on Investments	-	-	-
<u>Total Deductions</u>	<u>18,000</u>	<u>6,700</u>	<u>11,300</u>
<u>NET DECREASE</u>	-	3,976	
<u>NET POSITION – BEGINNING OF YEAR</u>	-	492,126	
<u>NET POSITION – END OF YEAR</u>	-	496,102	

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

NOTES TO BASIC FINANCIAL STATEMENTS

McCLAVE SCHOOL DISTRICT NUMBER RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the McClave School District Number RE-2 (the District) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

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

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in McClave School District Number RE-2. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A. Reporting Entity

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

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

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

Additionally, the District reports the following fund type:

The Pupil Activity Agency Fund – this fund is used to account for the activities of student clubs and organizations held in a fiduciary capacity by the District.

The Scholarship Trust Fund – this fund is used to account for contributions for the payment of scholarships.

E. Cash and Investments

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

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

F. Receivables

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventories

Materials and supplies inventories are stated at cost. Inventories recorded in the Food Services Fund consist of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt.

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

H. Capital Assets

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

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

The monetary threshold for capitalization of assets is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-50 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition.

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position. The District records long-term debt of governmental funds at the face value.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Constitutional Amendment

In November 1992, Colorado voters approved Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations, which apply to the State of Colorado and local governments. It requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any entity.

In November of 1997 the registered voters approved a ballot resolution authorizing McClave School District Number RE-2 to collect, retain and expend all revenues collected during 1996 and any subsequent year from any source provided that no property tax mill levy be increased or any new tax imposed without the consent of the voters.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2019 the District reserved \$102,400 for this purpose.

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

K. Property Taxes

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

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

L. Use of Estimates

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Interest Expense

All interest expense has been reported as unallocated in the Government-wide financial statements.

N. GASB Statement No. 54

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

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

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the District's highest level of decision-making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

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

Assigned Fund Balance Policy:

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

Order of Fund Balance Spending Policy

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

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. GASB Statement No. 54 (Continued)

Order of Fund Balance Spending Policy (Continued)

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Food Service</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>	-	10,458	10,458
<u>Restricted:</u>			
Emergencies	102,400	-	102,400
Preschool	-	-	-
Food Service	-	17,580	17,580
<u>Unassigned:</u>	<u>2,316,613</u>	<u>-</u>	<u>2,316,613</u>
<u>Total Fund Balances</u>	<u>2,419,013</u>	<u>28,038</u>	<u>2,447,051</u>

O. Deferred Outflows / Inflows of Resources

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

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

<u>Items Eliminated</u>	
Interfund Loans	<u>134,647</u>
Transfers	<u>20,000</u>
	<u>154,647</u>

NOTE 3 BUDGETARY INFORMATION

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

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

1. Prior to June 1, the Business Manager submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund, Special Revenue Funds, and Enterprise Funds.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets have been adopted for Trust and Agency Funds although measurement of operations is not required in the financial statements.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 3 BUDGETARY INFORMATION (Continued)

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

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

NOTE 4 CASH AND INVESTMENTS

Deposits

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

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

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	250,000	250,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	2,557,522	2,614,281
Cash with County Treasurer	4,298	-
Cash on Hand	700	-
<u>Total Cash and Deposits</u>	<u>2,812,520</u>	<u>2,864,281</u>

As presented above, deposits with a bank balance of \$2,614,281 and a carrying balance of \$2,557,522 as of June 30, 2019 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

Investments

At June 30, 2019, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Vanguard Investment	-	475,549

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 4 CASH AND INVESTMENTS (Continued)

Investments (Continued)

Investments Held by Fiduciary Scholarship Trust Fund – The scholarship trust fund has various investments held by Vanguard which are subject to market fluctuations and have been marked to market at 6/30/19. An unrealized gain of \$5,989 was recorded at year end. These investments are insured under SPIC up to \$500,000. The District is not responsible for the investment of these funds.

Concentration of Credit Risk – the District has no policy restricting the amount that can be invested in any issuer.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2019:

- Vanguard Investment of \$475,549 is valued using quoted market prices (Level 1 inputs)

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>Governmental Activities</u>				
<u>Capital Assets Not Being</u>				
<u>Depreciated</u>				
Land	170,676	-	-	170,676
<u>Capital Assets Being</u>				
<u>Depreciated</u>				
Buildings &				
Site Improvements	7,080,524	-	96,126	6,984,398
Equipment & Vehicles	1,320,991	80,128	14,700	1,386,419
Food Service	96,314	-	-	96,314
<u>Total Capital Assets Being</u>				
<u>Depreciated</u>	8,497,829	80,128	110,826	8,467,131

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 5 CAPITAL ASSETS (Continued)

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>Governmental Activities</u>				
<u>Less Accumulated</u>				
<u>Depreciation for:</u>				
<u>Building &</u>				
Site Improvements	3,611,181	230,085	25,632	3,815,634
Equipment & Vehicles	1,090,001	74,090	14,700	1,149,391
Food Service	<u>79,809</u>	<u>4,495</u>	<u>-</u>	<u>84,304</u>
<u>Total Accumulated</u>				
<u>Depreciation</u>	<u>4,780,991</u>	<u>308,670</u>	<u>40,332</u>	<u>5,049,329</u>
<u>Total Capital Assets Being</u>				
<u>Depreciated, Net</u>	<u>3,716,838</u>	<u>(228,542)</u>	<u>70,494</u>	<u>3,417,802</u>
<u>Governmental Activities</u>				
<u>Capital Assets, Net</u>	<u>3,887,514</u>	<u>(228,542)</u>	<u>70,494</u>	<u>3,588,478</u>

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

Governmental Activities:

Instruction	257,085
Transportation	47,090
Food Service	<u>4,495</u>
<u>Total Depreciation Expense –Governmental Activities</u>	<u>308,670</u>

NOTE 6 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, and June 30, 2019, are estimated to be \$235,004. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the various funds.

NOTE 7 ACCUMULATED SICK LEAVE

Compensated absences are made up of accumulated sick leave reported as non-current liabilities in the government-wide financial statements. As of June 30, 2019 the District has recorded an estimated liability of \$21,735 relating to accrued sick leave payable.

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Accumulated Sick Leave	<u>28,608</u>	<u>-</u>	<u>6,873</u>	<u>21,735</u>

NOTE 8 PENSION PLAN

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. McClave School District Number RE-2 participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

MCCLAVE SCHOOL DISTRICT NUMBER RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 PENSION PLAN (Continued)

General Information about the Pension Plan

Plan description. Eligible employees of the McClave School District Number RE-2 are provided with pensions through the School Division Trust Fund (SCHDTF) - a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

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

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

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

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

MCCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 8 PENSION PLAN (Continued)

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

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

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

Contribution provisions as of June 30, 2019. Eligible employees, McClave School District Number RE-2 and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of July 1, 2018 through June 30, 2019. Employer contribution requirements are summarized in the table below.

	July 1, 2018 Through December 31, 2018	January 1, 2019 Through June 30, 2019
Employer Contribution Rate	10.15 %	10.15 %
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208 (1)(f)	(1.02)%	(1.02)%
Amount apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%	5.50%
Total employer contribution rate to the SCHDTF	19.13%	19.13%

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

MCCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 8 PENSION PLAN (Continued)

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the McClave School District Number RE-2 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from McClave School District Number RE-2 were \$310,123 for the year ended June 30, 2019.

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

The net pension liability for the SCHDTF was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total pension liability to December 31, 2018. The McClave School District Number RE-2 proportion of the net pension liability was based on McClave School District Number RE-2 contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2019, the McClave School District Number RE-2 reported a liability of \$4,760,390 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the McClave School District Number RE-2 as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with McClave School District Number RE-2 were as follows:

McClave School District Number RE-2 proportionate share of the net pension liability	\$ 4,760,390
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the McClave School District Number RE-2	\$ 650,919
Total	\$ 5,411,309

At December 31, 2018, the McClave School District Number RE-2 proportion was 0.0268 percent, which was a decrease of 0.0026 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the McClave School District Number RE-2 recognized pension income of \$624,961 and revenue of \$33,660 for support from the State as a nonemployer contributing entity. At June 30, 2019, the McClave School District Number RE-2 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

MCCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 8 PENSION PLAN (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	161,478	-
Changes of assumptions or other inputs	888,548	(2,960,450)
Net difference between projected and actual earnings on pension plan investments	644,775	(385,304)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	(612,063)
Contributions subsequent to the measurement date	163,036	N/A
Total	1,857,837	(3,957,817)

\$163,036 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2020	(1,246,807)
2021	(513,818)
2022	(644,327)
2023	141,936
2024	-
Thereafter	-

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

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

MCCLAVE SCHOOL DISTRICT NUMBER RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 PENSION PLAN (Continued)

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

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

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

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

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

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

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

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

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

MCCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 8 PENSION PLAN (Continued)

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

MCCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 8 PENSION PLAN (Continued)

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

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

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

Sensitivity of the McClave School District Number RE-2 proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	6,052,021	4,760,390	3,676,493

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 8 PENSION PLAN (Continued)

Defined Contribution Pension Plan

Voluntary Investment Program

Plan Description – Employees of the McClave School District Number RE-2 that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2019, program members contributed \$55,441 with employer matching of \$30,638.

NOTE 9 OTHER POST EMPLOYMENT BENEFITS

Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. McClave School District Number RE-2 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 McClave School District Number RE-2 are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 9

OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

PERA Benefit Structure

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

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

MCCLAVE SCHOOL DISTRICT NUMBER RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

DPS Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the McClave School District Number RE-2 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from McClave School District Number RE-2 were \$16,536 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 McClave School District Number RE-2 reported a liability of \$237,752 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 McClave School District Number RE-2 proportion of the net OPEB liability was based on McClave School District Number RE-2 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 McClave School District Number RE-2 proportion was 0.017 percent, which was an increase of 0.0007 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the McClave School District Number RE-2 recognized OPEB expense of \$3,294. At June 30, 2019, the McClave School District Number RE-2 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

MCCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	862	(362)
Changes of assumptions or other inputs	1,668	-
Net difference between projected and actual earnings on OPEB plan investments	4,217	(2,850)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	7,669	(4,725)
Contributions subsequent to the measurement date	8,693	N/A
Total	23,109	(7,937)

\$8,693 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2020	941
2021	941
2022	941
2023	1,890
2024	1,699
Thereafter	67

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

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.25 percent for 2018, gradually rising to 5.00 percent in 2025
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

MCCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

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

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

The actuarial assumptions used in the December 31, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

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

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

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

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

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

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

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

MCCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

MCCLAVE SCHOOL DISTRICT NUMBER RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

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

MCCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

Sensitivity of the McClave School District Number RE-2 proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	231,187	237,752	245,303

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.

MCCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

Sensitivity of the McClave School District Number RE-2 proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	266,024	237,752	213,582

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.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 10 JOINT VENTURE

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

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

Assets and Deferred Outflows	<u>3,207,102</u>
Liabilities and Deferred Inflows	7,511,191
Net Position	<u>(4,304,089)</u>
	<u>3,207,102</u>
Revenues	2,634,971
Expenses	<u>3,618,339</u>
Change in Net Position	<u>(983,368)</u>

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

NOTE 11 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 11 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL (Continued)

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as Expenditures in the fund from which they are paid.

The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2018.

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

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

NOTE 12 RISK MANAGEMENT

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

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 13 INTERFUND RECEIVABLES AND TRANSFERS

	<u>Due To</u>	<u>Due From</u>
General Fund	-	134,647
Food Service Fund	<u>134,647</u>	-
<u>Total</u>	<u>134,647</u>	<u>134,647</u>

These interfund balances occurred due to expenditures paid on behalf of another fund.

Interfund balances are expected to be paid within one year from the date of the financial statements.

<u>Transfers</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	-	20,000
Food Service Fund	<u>20,000</u>	-
<u>Total</u>	<u>20,000</u>	<u>20,000</u>

Transfers were made from the General Fund to the Food Service Fund for the purpose of assisting food service operations.

NOTE 14 INVENTORIES

Food Service Fund inventories at June 30, 2019, amounted to \$10,458. Purchased inventories are state at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

NOTE 15 LONG TERM DEBT

Changes in Long-Term Debt

	<u>Balance</u>		<u>Balance</u>	<u>Current</u>
	<u>7-1-2018</u>	<u>Additions</u>	<u>6-30-2019</u>	<u>Portion</u>
Certificates of Participation				
Series 2015	530,000	-	480,000	55,000
Compensated Absences	<u>28,608</u>	-	<u>21,735</u>	
	<u>558,608</u>	-	<u>501,735</u>	

McCLAVE SCHOOL DISTRICT NUMBER RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 15 LONG TERM DEBT (Continued)

Certificates of Participation Refunding Series 2015

On June 1, 2015, the District issued \$680,000 of Certificates of Participation Series 2015 with an average interest rate of 3.03% and paid addition principal of \$615,000 to advance refund \$1,295,000 of outstanding 2007 Certificates of Participation bearing interest rates ranging from 4.09% to 5.00%.

The District completed the advance refunding to reduce the total debt service payments over the next 12 years by \$257,208 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$106,252.

Below is a schedule of debt service requirements to maturity.

Certificates of Participation Series 2015

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	55,000	14,226	69,226
2021	55,000	12,590	67,590
2022	55,000	10,926	65,926
2023	60,000	9,157	69,157
2024	60,000	7,283	67,283
2025	65,000	5,297	70,297
2026	65,000	3,201	68,201
2027	<u>65,000</u>	<u>1,073</u>	<u>66,073</u>
	<u>480,000</u>	<u>63,753</u>	<u>543,753</u>

NOTE 16 COMPLIANCE WITH BUDGET LAWS

The following conditions were noted and may be a violation of Colorado Law:

For the year ended June 30, 2019, the Food Service Fund had expenditures in excess of amounts budgeted of \$13,455.

The Pupil Activity Agency Fund had expenditures in excess of amounts budgeted of \$21,917.

REQUIRED SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUNDS

General Fund

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

Food Service Special Revenue Fund - this fund accounts for all financial activities associated with the District's school breakfast and lunch programs.

Pension Trend Data

Other Post Employment Benefits Trend Data

McCLAVE SCHOOL DISTRICT NUMBER RE-2
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2019

<u>REVENUES</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Local Sources</u>				
Property Taxes	442,570	442,570	554,240	111,670
Specific Ownership Taxes	46,442	46,442	49,930	3,488
Earnings on Investments	28,000	28,000	12,749	(15,251)
Delinquent Taxes & Interest	1,500	1,500	1,943	443
Other	315,750	204,000	220,061	16,061
<u>State Sources</u>				
Equalization	2,261,796	2,261,796	2,257,157	(4,639)
Transportation	26,000	26,000	14,709	(11,291)
Vocational Education	38,000	38,000	26,316	(11,684)
Other	85,000	201,250	271,007	69,757
<u>Federal Sources</u>				
Other	75,900	71,400	222,391	150,991
<u>Allocation</u>				
	-	-	-	-
<u>TOTAL REVENUES</u>	<u>3,320,958</u>	<u>3,320,958</u>	<u>3,630,503</u>	<u>309,545</u>
 <u>EXPENDITURES</u>				
<u>Instruction</u>				
<u>Regular Programs</u>				
Salaries	1,116,230	1,108,340	1,168,792	(60,452)
Employee Benefits	437,500	454,340	458,191	(3,851)
Purchased Services - Professional	151,600	141,245	105,872	35,373
Purchased Services – Property	4,400	4,400	-	4,400
Purchased Services – Other	37,300	38,083	32,095	5,988
Supplies and Materials	125,000	121,622	223,324	(101,702)
Property	37,600	37,600	22,650	14,950
Other Objects	-	-	-	-
<u>Total Instruction</u>	<u>1,909,630</u>	<u>1,905,630</u>	<u>2,010,924</u>	<u>(105,294)</u>
<u>SUPPORTING SERVICES</u>				
<u>Student Supporting Services</u>				
Salaries	42,000	42,000	46,359	(4,359)
Employee Benefits	18,000	18,000	19,455	(1,455)
Purchased Services – Professional	5,000	5,000	12,424	(7,424)
Purchased Services –Property	1,000	1,000	-	1,000
Purchased Services – Other	1,000	1,000	3,710	(2,710)
Supplies and Materials	5,500	5,500	5,481	19
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Student Services</u>	<u>72,500</u>	<u>72,500</u>	<u>87,429</u>	<u>(14,929)</u>

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2019

<u>SUPPORTING SERVICES (Continued)</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance -
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>Instructional Staff</u>				
Salaries	2,000	2,000	-	2,000
Employee Benefits	500	500	-	500
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	-	-
Supplies and Materials	4,000	4,000	3,500	500
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Instructional Staff</u>	<u>6,500</u>	<u>6,500</u>	<u>3,500</u>	<u>3,000</u>
<u>General Administration</u>				
Salaries	53,500	53,500	58,428	(4,928)
Employee Benefits	17,000	17,000	23,121	(6,121)
Purchased Services – Professional	8,000	8,000	13,146	(5,146)
Purchased Services – Property	5,200	5,200	8,086	(2,886)
Purchased Services – Other	2,000	2,000	4,671	(2,671)
Supplies and Materials	5,500	5,500	2,972	2,528
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total General Administration</u>	<u>91,200</u>	<u>91,200</u>	<u>110,424</u>	<u>(19,224)</u>
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	115,000	115,000	129,407	(14,407)
Employee Benefits	36,000	36,000	53,498	(17,498)
Purchased Services – Professional	2,000	2,000	3,142	(1,142)
Purchased Services – Property	2,000	2,000	-	2,000
Purchased Services – Other	-	-	-	-
Supplies and Materials	3,000	3,000	2,898	102
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total School Administration</u>	<u>158,000</u>	<u>158,000</u>	<u>188,945</u>	<u>(30,945)</u>
<u>Business Services</u>				
Salaries	48,000	63,075	77,871	(14,796)
Employee Benefits	17,500	17,500	28,895	(11,395)
Purchased Services – Professional	29,500	29,500	32,442	(2,942)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	25,000	20,608	21,068	(460)
Supplies and Materials	-	3,000	2,990	10
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Business Services</u>	<u>120,000</u>	<u>133,683</u>	<u>163,266</u>	<u>(29,583)</u>

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2019

<u>SUPPORTING SERVICES (Continued)</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Operations and Maintenance</u>				
Salaries	95,000	95,000	102,165	(7,165)
Employee Benefits	45,000	45,000	49,424	(4,424)
Purchased Services – Professional	230,000	230,000	77,644	152,356
Purchased Services – Property	30,000	30,000	16,871	13,129
Purchased Services – Other	15,000	15,000	-	15,000
Supplies and Materials	150,000	150,000	183,995	(33,995)
Property	20,000	20,000	53,934	(33,934)
Other Objects	-	-	-	-
<u>Total Operations and Maintenance</u>	<u>585,000</u>	<u>585,000</u>	<u>484,033</u>	<u>100,967</u>
<u>Student Transportation</u>				
Salaries	41,000	41,000	47,058	(6,058)
Employee Benefits	20,000	20,000	22,583	(2,583)
Purchased Services – Professional	12,000	12,000	12,965	(965)
Purchased Services – Property	1,000	1,000	33	967
Purchased Services – Other	10,000	10,000	9,923	77
Supplies and Materials	31,000	31,000	34,398	(3,398)
Property	150,000	150,000	19,594	130,406
Other Objects	-	-	-	-
<u>Total Student Transportation</u>	<u>265,000</u>	<u>265,000</u>	<u>146,554</u>	<u>118,446</u>
<u>Other Support</u>				
Salaries	-	-	-	-
Employee Benefits	500	-	-	-
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	1,892	1,237	655
Supplies and Materials	-	-	-	-
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Other Support</u>	<u>500</u>	<u>1,892</u>	<u>1,237</u>	<u>655</u>
<u>Community Services</u>				
Salaries	3,000	3,000	-	3,000
Employee Benefits	1,200	1,200	-	1,200
Purchased Services – Professional	-	-	153	(153)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	-	-
Supplies and Materials	5,000	5,000	3,582	1,418
Property	15,000	15,000	-	15,000
Other Objects	-	-	-	-
<u>Total Community Services</u>	<u>24,200</u>	<u>24,200</u>	<u>3,735</u>	<u>20,465</u>

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Facilities</u>				
Salaries	-	-	-	-
Employee Benefits	-	-	-	-
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	-	-
Supplies and Materials	-	-	-	-
Property	5,000	5,000	-	5,000
Other Objects	-	-	-	-
<u>Total Facilities</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
 <u>TOTAL SUPPORTING SERVICES</u>	<u>1,327,900</u>	<u>1,342,975</u>	<u>1,189,123</u>	<u>153,852</u>
 <u>Debt Service:</u>				
Principal Retirement	59,000	59,000	50,000	9,000
Interest and fiscal charges	8,000	8,000	15,763	(7,763)
	<u>67,000</u>	<u>67,000</u>	<u>65,763</u>	<u>1,237</u>
 <u>Appropriated Reserves</u>	<u>1,966,428</u>	<u>1,835,353</u>	<u>-</u>	<u>1,835,353</u>
 <u>TOTAL EXPENDITURES</u>	<u>5,270,958</u>	<u>5,150,958</u>	<u>3,265,810</u>	<u>1,885,148</u>
 <u>Revenues Over (Under) Expenditures</u>	<u>(1,950,000)</u>	<u>(1,830,000)</u>	<u>364,693</u>	
 <u>Other Financing Sources (Uses)</u>				
Transfers	60,000	(60,000)	(20,000)	40,000
<u>Total Other Financing Sources (Uses)</u>	<u>60,000</u>	<u>(60,000)</u>	<u>(20,000)</u>	<u>(40,000)</u>
 <u>Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</u>	<u>(1,890,000)</u>	<u>(1,890,000)</u>	<u>344,693</u>	
 <u>FUND BALANCE, July 1</u>	<u>1,890,000</u>	<u>1,890,000</u>	<u>2,074,320</u>	
 <u>FUND BALANCE, June 30</u>	<u>-</u>	<u>-</u>	<u>2,419,013</u>	

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOOD SERVICE – SPECIAL REVENUE FUND
For the Year Ended June 30, 2019

	<u>Budget</u>		<u>Actual</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
<u>Local Sources</u>				
Food Sales	29,000	29,000	44,554	15,554
Earnings on Investments	90	90	334	244
Other	5,800	5,800	8,600	2,800
<u>State Sources</u>				
School Lunches	3,600	3,600	3,140	(460)
<u>Federal Sources</u>				
School Lunches	72,000	72,000	98,289	26,289
Commodities	8,000	8,000	9,134	1,134
<u>Total Revenues</u>	<u>118,490</u>	<u>118,490</u>	<u>164,051</u>	<u>45,561</u>
<u>OPERATING EXPENSES</u>				
Salaries	55,000	55,000	69,901	(14,901)
Employee Benefits	22,000	22,000	28,633	(6,633)
Purchased Services – Professional	-	-	309	(309)
Purchased Services – Property	-	-	-	-
Purchased Services - Other	900	900	-	900
Supplies and Materials	105,400	105,400	92,968	12,432
Capital Outlay	4,190	4,190	-	4,190
Other	-	-	-	-
Commodities	-	-	9,134	(9,134)
Appropriated Reserves	-	-	-	-
<u>Total Expenses</u>	<u>187,490</u>	<u>187,490</u>	<u>200,945</u>	<u>(13,455)</u>
<u>REVENUES OVER (UNDER)</u>				
<u>EXPENDITURES</u>	(69,000)	(69,000)	(36,894)	
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	60,000	60,000	20,000	(40,000)
<u>REVENUES AND SOURCES OVER</u>				
<u>(UNDER) EXPENDITURES AND USES</u>	(9,000)	(9,000)	(16,894)	
<u>FUND BALANCE, Beginning</u>	<u>9,000</u>	<u>9,000</u>	<u>44,932</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>-</u>	<u>28,038</u>	

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 For The Last 10 Fiscal Years (As Available)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
District's proportion of the net pension liability (asset)	0.0269%	0.0295%	0.0304%	0.0314%	0.0328%	0.0330%	-	-	-	-
District's proportionate share of the net pension liability (asset)	\$4,760,390	\$9,547,338	\$9,078,713	\$4,810,020	\$4,438,790	\$4,202,533	-	-	-	-
District's covered payroll	\$1,621,135	\$1,338,358	\$1,357,178	\$1,391,648	\$1,395,014	\$1,356,364	-	-	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	294%	713%	669%	346%	318%	310%	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	57.01%	43.96%	43.1%	59.2%	62.80%	64.06%	-	-	-	-

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
 For The Last 10 Fiscal Years (As Available)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contributions	\$ 310,123	\$ 262,197	\$ 249,470	\$ 246,776	\$ 235,577	\$ 216,812	\$ 196,709	-	-	-
Contributions in relation to the contractually required contributions	<u>\$ (310,123)</u>	<u>\$ (262,197)</u>	<u>\$ (249,470)</u>	<u>\$ (246,776)</u>	<u>\$ (235,577)</u>	<u>\$ (216,812)</u>	<u>\$ (196,709)</u>	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-
District's covered payroll	\$1,621,135	\$1,388,358	\$1,357,178	\$1,391,648	\$1,395,014	\$1,356,364	\$1,304,122	-	-	-
Contributions as a percentage of covered payroll	19.13%	18.89%	18.38%	17.73%	16.89%	15.98%	15.08%	-	-	-

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY
 For The Last 10 Fiscal Years (As Available)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
District's proportion of the net OPEB liability (asset)	0.0174%	0.0168%	0.0173%	-	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$237,752	\$218,021	\$224,543	-	-	-	-	-	-	-
District's covered payroll	\$1,621,135	\$1,388,358	\$1,357,178	-	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	14.66%	15.70%	16.54%	-	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	17.03%	17.53%	16.72%	-	-	-	-	-	-	-

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
 For The Last 10 Fiscal Years (As Available)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contributions	\$ 16,536	\$ 14,161	\$ 13,843	-	-	-	-	-	-	-
Contributions in relation to the contractually required contributions	\$ (16,536)	\$ (14,161)	\$ (13,843)	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	-	-	-	-	-	-	-
District's covered payroll	\$1,621,135	\$1,388,358	\$1,357,178	-	-	-	-	-	-	-
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	-	-	-	-	-	-	-

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

OTHER SCHEDULES

Fiduciary Fund Types

Pupil Activity Agency Fund – This fund is used to account for the activities of student clubs and organizations held in a fiduciary capacity by the District.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 SCHEDULE OF ACTIVITIES - BUDGET AND ACTUAL
 PUPIL ACTIVITY AGENCY FUND
 For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>ADDITIONS</u>			
Earnings on Investments	300	622	322
Other Local Sources	<u>92,000</u>	<u>111,698</u>	<u>19,698</u>
<u>Total Additions</u>	<u>92,300</u>	<u>112,320</u>	<u>20,020</u>
<u>DEDUCTIONS</u>			
Activity Expenditures	90,000	111,917	(21,917)
Contingency	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Deductions</u>	<u>90,000</u>	<u>111,917</u>	<u>(21,917)</u>
Net Increase (Decrease) in Deposits Held	2,300	403	
Deposits Held – Beginning of Year	<u>2,300</u>	<u>129,426</u>	
Deposits Held – End of Year	<u>4,600</u>	<u>129,829</u>	

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

STATE REQUIRED SCHEDULES

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

Bolded Balance Sheet



Colorado Department of Education
Auditors Integrity Report
 District 0310 - McClave Re-2
 Fiscal Year 2018-19
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental				
10 General Fund	2,074,321	3,548,752	3,204,059	2,419,014
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	61,752	61,752	0
Sub-Total:	2,074,321	3,610,504	3,265,811	2,419,014
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	44,932	184,051	200,945	28,038
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Bonding Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	2,119,253	3,794,556	3,466,756	2,447,052
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 463j 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	492,126	10,676	6,780	496,102
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	129,428	112,319	111,917	129,830
75 GASB 34 Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	621,554	122,995	118,717	625,932
FINAL				



Colorado Department of Education
Bolded Balance Sheet Report
 District: 0310 - McClave Re-2
 Fiscal Year 2018-19
 Colorado School District/BOCES

	Governmental						Proprietary						Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Cash and Investments (8100-8104,8111)	2,496,857	0	0	0	0	160,983	0	0	0	0	0	0	0	0	3,283,772
Cash with Fiscal Agent (8105)	4,298	0	0	0	0	0	0	0	0	0	0	0	0	0	4,298
Taxes Receivable (8121,8122)	61,300	0	0	0	0	0	0	0	0	0	0	0	0	0	61,300
Interfund Loans Receivable (8131,8132)	134,647	0	0	0	0	0	0	0	0	0	0	0	0	0	134,647
Grants Accounts Receivable (8142)	42,329	0	0	0	0	0	0	0	0	0	0	0	0	0	42,329
Other Receivables (8151-8154,8161)	1,000	0	0	0	0	3,785	0	0	0	0	0	0	0	0	4,785
Inventories (8171,8172,8173)	0	0	0	0	0	10,459	0	0	0	0	0	0	0	0	10,459
Prepaid Expenses 8181,8182)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	2,740,431	0	0	0	0	175,236	0	0	0	0	0	0	0	0	3,541,589

	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	Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60, 70-79	Trust & Agency Funds	Foundations Fund 85
LIABILITIES & FUND EQUITY														
LIABILITIES														
Interfund Payables (7401,7402)	0	0	0	0	0	134,667	0	0	0	0	0	0	0	134,667
Other Payables (7421-7423)	53,267	0	0	0	0	0	0	0	0	0	0	0	0	53,267
Accrued Expenses (7461)	222,463	0	0	0	0	12,541	0	0	0	0	0	0	0	235,004
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	5,888	0	0	0	0	0	0	0	0	0	0	0	0	5,888
Other Current Liabilities (7491,7492,7499)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow (7800)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow Grants (7801)	39,800	0	0	0	0	0	0	0	0	0	0	0	0	39,800
Total Liabilities	321,417	0	0	0	0	147,188	0	0	0	0	0	0	0	469,606

