

**SWINK SCHOOL DISTRICT #33  
SWINK, COLORADO**

**FINANCIAL STATEMENTS  
with  
INDEPENDENT AUDITORS' REPORTS**

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

## **INTRODUCTORY SECTION**

**SWINK SCHOOL DISTRICT #33  
SWINK, COLORADO**

**ROSTER OF SCHOOL OFFICIALS**

**Year Ended June 30, 2019**

**Board of Education**

Fred Grantham - President

Robert Bamber - Vice-President

Lyn Neve – Secretary

Dr. Ky Davis - Treasurer

Shannon Wallace - Member

**Administrative Staff**

Kyle Hebberd - Superintendent

Janell Wood, Business Manager

**SWINK SCHOOL DISTRICT #33**

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## **FINANCIAL SECTION**

SWINK SCHOOL DISTRICT  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019

Management of Swink School District offers readers of the basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. The focus of the information is on the primary government (general) fund.

The District has adopted a financial reporting model promulgated by the Government Accounting Standards Board (GASB). In accordance with GASB Statement N. 34, *Basic Financial Statement and Management Discussion and Analysis for State and Local Governments*, the District is required to restate prior periods for purposes of providing comparative information.

**Financial Highlights**

- The following audit presents the Food Service fund as a Special Revenue Fund under governmental activities. The following audit continues to present the district's proration of net pension obligation as required by GASB-68.
- In governmental activities, the District's assets were less than liabilities at the close of the fiscal year by (\$295,445) (net position). This presentation of a negative net position is because of GASB-68. The General Fund has a fund balance of \$4,139,260 which includes Tabor of \$132,000.
- As the end of the fiscal year, the District's governmental funds reported combined ending fund balances of \$4,132,553. This is an increase of \$602,585 from the prior year. The General Fund increased by \$685,334 in anticipation of multiple capital project and application for a BEST grant.
- The District's long-term general obligation debt decreased by \$125,000 as a result of current year principal and interest payments on the outstanding debt.
- The District had adequate resources available for all appropriations.

The District was required to implement GASB 75 resulting in a net other post-employment benefit (OPEB) liability of \$299,965. 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 decreased \$312,156 to \$(989,752) from \$(677,596) at the end of the previous fiscal year. Fiscal year 2017 financial information has not been restated because some of the comparable information is not available

SWINK SCHOOL DISTRICT  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019

**Overview of the Financial Statements**

Management’s discussion and analysis is intended to serve as an introduction to the District’s basic financial statements. Comparison to the prior year’s activity is normally provided in this document. This is a continuing presentation of management’s discussion and analysis, so a comparison data is provided. The Swink School District’s basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

***District-Wide Financial Statements***

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

The two district-wide statements report the District’s net position and how they have changed. Net position, the difference between the District’s assets and liabilities, are one way to measure the District’s financial health or position. The difference between assets and liabilities is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**TABLE 1 - CONDENSED STATEMENT OF NET POSITION**

	<b>Governmental Activities</b>	
	<u><b>2019</b></u>	<u><b>2018</b></u>
Current Assets	\$ 4,464,858	\$ 3,864,559
Capital Assets - Net	<u>5,941,154</u>	<u>5,883,543</u>
Total Assets	<u>10,406,012</u>	<u>9,748,102</u>
Deferred Outflow s of Financial Resources	<u>2,565,251</u>	<u>3,776,219</u>
Current Liabilities	326,882	736,961
Long-Term Liabilities	<u>7,733,829</u>	<u>13,617,320</u>
Total Liabilities	<u>8,060,711</u>	<u>14,354,281</u>
Deferred Inflow s of Financial Resources	<u>5,169,997</u>	<u>1,580,192</u>
Net Investment in Capital Assets	4,536,154	4,353,543
Restricted Net Position	370,701	415,722
Unrestricted Net Position	<u>(5,166,300)</u>	<u>(7,179,417)</u>
<b>Total Net Position</b>	<b><u><u>\$ (259,445)</u></u></b>	<b><u><u>\$ (2,410,152)</u></u></b>

SWINK SCHOOL DISTRICT  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019

**TABLE 2 - CONDENSED STATEMENT OF ACTIVITIES**

	<b>Governmental Activities</b>	
	<u>2019</u>	<u>2018</u>
<b>Program Revenues:</b>		
Charges for Services	\$ 61,649	\$ 83,807
Operating Grants & Contributions	653,662	603,612
Total Program Revenues	715,311	687,419
<b>General Revenues:</b>		
Taxes	731,289	721,873
State Equalization	3,075,833	2,924,387
Investment Income	51,179	23,857
Miscellaneous	65,947	95,164
Total General Revenues	3,924,248	3,765,281
<b>Total Revenues</b>	4,639,559	4,452,700
<b>Expenses</b>		
Instruction	1,536,702	2,189,757
Supporting Services	1,415,398	1,558,020
Pension Expense	-	2,061,144
Interest on Long Term Debt	55,998	64,179
<b>Total Expenses</b>	3,008,098	5,873,100
<b>Change in Net Position</b>	1,631,461	(1,420,400)
<b>Net Position - Beginning</b>	(2,410,152)	(989,752)
<b>Prior Period Restatement</b>	519,246	-
<b>Net Position - Beginning (Restated)</b>	(1,890,906)	(989,752)
<b>Net Position - Ending</b>	<b>\$ (259,445)</b>	<b>\$ (2,410,152)</b>

The district-wide statements are divided into two categories: Governmental Activities and Business-type Activities.

*Governmental activities:* Most of the District's basic services are included here, such as instruction, transportation, maintenance and operations, and administration. The School Finance Act of 1994, as amended, made up of property taxes and state equalization, finances most of these activities. This information is comprised of all of the following Swink School District funds – general fund, governmental designated-purpose grants fund, capital reserve fund, bond redemption fund, and new this year the food service fund.

*Business-type activities:* The district has no business-type activities funds.

SWINK SCHOOL DISTRICT  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019

***Fund Financial Statements***

The fund financial statements provide detailed information about the District's funds, focusing on its most significant funds or "major" funds, not the District as a whole. Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. 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 Swink School District, like other governments, uses fund accounting to ensure and demonstrate compliance.

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

*Governmental Funds:* Most of the District's basic services are reported in governmental funds, which generally focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

*Fiduciary Funds:* The District is the agent, or *fiduciary*, for assets that belong to others. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations. The District uses fiduciary funds to account for its pupil activity agency fund.

***Notes to the Financial Statements***

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

In addition to the financial statements and accompanying notes, this report also contains other supplemental information concerning the District's non-major governmental funds. The combining statements of the non-major governmental funds are presented after the notes to the financial statements.

SWINK SCHOOL DISTRICT  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019

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

- The District’s total capital net position (assets, less depreciation) on June 30, 2019 was \$5,941,154.
- The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
<b>Governmental Activities:</b>				
Assets not being depreciated:				
Land	\$ 627,961	\$ -	\$ -	\$ 627,961
Assets being depreciated:				
Buildings and Improvements	9,559,360	-	-	9,559,360
Transportation equipment	734,408	320,686	-	1,055,094
Other equipment	1,181,133	-	-	1,181,133
Food service equipment	58,933	-	-	58,933
Total Assets being depreciated	<u>11,533,834</u>	<u>320,686</u>	<u>-</u>	<u>11,854,520</u>
Accumulated depreciation:				
Buildings	(4,456,955)	(225,629)	-	(4,682,584)
Transportation equipment	(680,223)	(17,670)	-	(697,893)
Other equipment	(1,105,441)	(18,006)	-	(1,123,447)
Food service equipment	(35,633)	(1,770)	-	(37,403)
Total Accumulated depreciation	<u>(6,278,252)</u>	<u>(263,075)</u>	<u>-</u>	<u>(6,541,327)</u>
<b>Net Capital Assets</b>	<b><u>\$ 5,883,543</u></b>	<b><u>\$ 57,611</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 5,941,154</u></b>

**Long Term Debt** – At June 30, 2019, the District had the following long-term obligations. Additional information can be found on Note 6, page 20 of the financial statements.

	Restated Balance July 1, 2018	Advances	Payments	Balance June 30, 2019	Current Portion	Interest Expense
Series 2007 Gen. Oblig. Bonds	\$ 1,530,000	\$ -	\$ 125,000	\$ 1,405,000	\$ 130,000	\$ 59,813
Bond Premiums	20,575	-	3,648	16,927	3,337	-
PERA Net Pension Liability	12,212,320	-	6,206,282	6,006,038	-	-
PERA OPEB Liability	278,878	21,087	-	299,965	-	-
Compensated Absences	7,750	-	1,850	5,900	5,900	-
<b>Total Long-Term Obligations</b>	<b><u>\$ 14,049,523</u></b>	<b><u>\$ 21,087</u></b>	<b><u>\$ 6,336,780</u></b>	<b><u>\$ 7,733,830</u></b>	<b><u>\$ 139,237</u></b>	<b><u>\$ 59,813</u></b>

**Financial Analysis of the District’s Funds**

**General Fund Budgetary Highlights**

The District’s budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

- Actual revenues in the General Fund of \$4,308,129.
- The actual expenditures were \$3,402,795, plus a Capital Reserve Project fund transfer of \$210,000, plus a Food Service fund transfer of \$10,000, which resulted in and General Fund increase of \$685,334.
- The District must maintain a 3% emergency reserve as a part of the TABOR Amendment (Taxpayer Bill of Rights). At June 30, 2019, District’s TABOR reserve amounted to \$132,000.

SWINK SCHOOL DISTRICT  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019

**Capital Reserve Project Fund**

The Capital Reserve Project fund received a General Fund transfer of \$210,000 that was used towards the purchase of three route busses. The district participated in a Regional Air Quality Council grant that provided the remainder of the funding in the amount of \$90,000 will be received in FY'20. By leveraging this grant the district has offset the needed expense for route busses for years to come.

**Special Revenue Fund**

The Special Revenue Fund is the food service fund. This program had revenues of \$148,599 which included a General Fund transfer of \$10,000. Food service expenses were \$156,667. Food service staff members have continue to add new healthier menu items in order to meet federal guidelines. The number of meals served has continued to decline over previous years. The district was able to cooperatively purchase food which has significantly lower costs. This fund will still need to be monitored closely. Future General Fund transfers have been budgeted, and may be necessary to offset any losses. The board is aware of the difficulties in operating the food service program, and will continue to strive to provide nutritious meals at a reasonable cost.

**Economic Factors Bearing on the District's Future**

The factors that affected this year's budget and will continue its affect into the future is small growth in the economy, lack of employment opportunities, water related issues, the continuing shift of school funding to local property taxes from state taxes, and the budget stabilization factor used by the State of Colorado to balance their budget, and maintaining current student enrollment.

The following is a comparison of the funded student count and actual number of students for the past several years:

<u>School Year</u>	<u>Actual Number of Students</u>	<u>Funded Count</u>
2005/2006	373	365
2006/2007	382	367
2007/2008	369.5	357.5
2008/2009	375	362
2009/2010	378	366
2010/2011	374	363
2011/2012	356	345.5
2012/2013	346	337
2013/2014	336	326
2014/2015	346	337
2015/2016	381	366
2016/2017	366	354
2017/2018	373	356
2018/2019	343	331.5

The funded count for the District has declined in the past, 2015-2016 was an anomaly as our predictions was for a decrease in the following year. The district has been able to take advantage of the state funding rules that have allowed us to average up to the last five years for our funding. Management and administration continue to take a very conservative approach for the 2019/2020 school year. The School District is prudent in monitoring our fiscal responsibilities as the District continues to be fiscally sound.

SWINK SCHOOL DISTRICT  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019

We know that the quality of life in a community is directly linked to the quality of its schools. Even in tough economic times and having to be fiscally responsible, Swink School District continues meet the district wide academic framework, as established by CDE. The elementary student achievement allowed them to receive a John Irwin in Excellence award for high achievement.

Our small class size, opportunities for advanced course work (through concurrent and OJC classes) and a culture with minor discipline issues contribute to a school family that knows the value of an education.

**Contacting the District's Financial Management**

This financial report is designed to provide a general overview of the Swink School District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Janell Wood, Business Manager  
Swink School District  
610 Columbia, PO Box 487, Swink, CO 81077

# Mayberry & Company, LLC

## Certified Public Accountants

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

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Board of Education  
Swink School District #33  
Swink, Colorado

### Independent Auditors' Report

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Swink School District #33, Colorado, as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the basic financial statements of the District, as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

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

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

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

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Swink School District #33, Colorado, as of June 30, 2019, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters**

***Emphasis of a Matter***

As discussed in Note 14 to the financial statements, the 2018 financial statements have been restated to reflect the inclusion of deferred outflows and inflows in the net proportion change for the PERA pension plan as well as a restatement of outstanding bond premiums. These restatements impacted the governmental activities. Our opinion is not modified with respect to this matter.

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

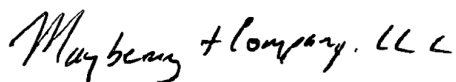
Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M7 and pension schedules on pages 44-47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 48-50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. In addition, the combining and individual fund financial schedules on pages 51-56 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Report on Other Legal and Regulatory Requirements**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Colorado Department of Education Auditors Integrity and Bolded Balance Sheet reports on pages 57-59 are presented for state regulatory compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



## **Basic Financial Statements**

**SWINK SCHOOL DISTRICT #33**  
**Statement of Net Position**  
**June 30, 2019**

	<b>Governmental Activities</b>
<b>ASSETS AND DEFERRED OUTFLOWS</b>	
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Investments	\$ 4,384,535
Cash with Fiscal Agent	8,803
Taxes Receivable	27,791
Grants Receivable	3,559
Other Accounts Receivable	2,864
Inventory	6,157
Prepaid Expenses	31,149
<b>Total Current Assets</b>	<u>4,464,858</u>
<b>Noncurrent Assets</b>	
Capital Assets, not being depreciated	627,961
Capital Assets, being depreciated	5,313,193
<b>Total Noncurrent Assets</b>	<u>5,941,154</u>
<b>TOTAL ASSETS</b>	<u>10,406,012</u>
<b>DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>	
Net Deferred Outflows Pensions	2,540,533
Net Deferred Outflows OPEB	24,718
<b>TOTAL DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>	<u>2,565,251</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 12,971,263</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 11,206
Accrued Interest	4,776
Accrued Salaries & Benefits	308,880
Unearned Revenue	2,020
<b>Total Current Liabilities</b>	<u>326,882</u>
<b>Noncurrent Liabilities</b>	
Due Within One Year	139,237
Due In More Than One Year	7,594,592
<b>Total Noncurrent Liabilities</b>	<u>7,733,829</u>
<b>TOTAL LIABILITIES</b>	<u>8,060,711</u>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>	
Net Deferred Inflows Pensions	5,151,420
Net Deferred Inflows OPEB	18,577
<b>TOTAL DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>	<u>5,169,997</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	4,536,154
Restricted Net Position	370,701
Unrestricted Net Position	(5,166,300)
<b>TOTAL NET POSITION</b>	<u>(259,445)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 12,971,263</u>

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

SWINK SCHOOL DISTRICT #33  
Statement of Activities  
For the Year Ended June 30, 2019

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Change in Net</u>
			<u>Contributions</u>	<u>Position</u>
				<u>Governmental</u>
				<u>Activities</u>
<b>Primary Government</b>				
<b>Governmental Activities</b>				
Instruction	\$ 1,536,702	\$ -	\$ 277,557	\$ (1,259,145)
Supporting Services	1,415,398	61,649	376,105	(977,644)
Interest on Long Term Debt	55,998	-	-	(55,998)
<b>Total Primary Government</b>	<u>\$ 3,008,098</u>	<u>\$ 61,649</u>	<u>\$ 653,662</u>	<u>(2,292,787)</u>
<b>General Revenues</b>				
Property Taxes				595,203
Specific Ownership Taxes				136,086
State Equalization				3,075,833
Investment Earnings				51,179
Insurance Proceeds				978
Other Revenues				64,969
<b>Total General Revenues</b>				<u>3,924,248</u>
<b>Change in Net Position</b>				<u>1,631,461</u>
<b>Beginning Net Position</b>				(2,410,152)
Prior Period Restatement				519,246
<b>Beginning Net Position (As Restated)</b>				<u>(1,890,906)</u>
<b>Ending Net Position</b>				<u>\$ (259,445)</u>

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

SWINK SCHOOL DISTRICT #33  
 Balance Sheet  
 Governmental Funds  
 June 30, 2019  
 (With Comparative Totals for June 30, 2018)

	General Fund	Debt Service	Capital Projects	Other Governmental Funds	Total
		Bond Redemption Fund	Capital Reserve Project Fund		2019
<b>ASSETS</b>					
Cash and Investments	\$ 4,075,952	\$ 227,060	\$ 18,650	\$ 62,873	\$ 4,384,535
Cash with Fiscal Agent	8,748	55	-	-	8,803
Taxes Receivable	19,216	8,575	-	-	27,791
Grants Receivable	3,559	-	-	-	3,559
Other Accounts Receivable	636	-	-	2,228	2,864
Inventory	-	-	-	6,157	6,157
Prepaid Expenses	31,149	-	-	-	31,149
<b>TOTAL ASSETS</b>	<u>\$ 4,139,260</u>	<u>\$ 235,690</u>	<u>\$ 18,650</u>	<u>\$ 71,258</u>	<u>\$ 4,464,858</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 11,206	\$ -	\$ -	\$ -	\$ 11,206
Accrued Salaries & Benefits	296,585	-	-	12,295	308,880
Unearned Revenues	-	-	-	2,020	2,020
<b>Total Liabilities</b>	<u>307,791</u>	<u>-</u>	<u>-</u>	<u>14,315</u>	<u>322,106</u>
<b>Deferred Inflows of Financial Resources</b>					
Deferred Inflows	<u>7,053</u>	<u>3,146</u>	<u>-</u>	<u>-</u>	<u>10,199</u>
<b>Fund Balance</b>					
Nonspendable Fund Balance	-	-	-	6,157	6,157
Restricted Fund Balance					
Restricted for Debt Service	-	232,544	-	-	232,544
Restricted for TABOR Emergency	132,000	-	-	-	132,000
Committed Fund Balance					
Committed for Fund Purposes	-	-	18,650	50,786	69,436
Assigned Fund Balance					
Other Assigned Fund Balance	-	-	-	-	-
Unassigned Fund Balance	<u>3,692,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,692,416</u>
<b>Total Fund Balance</b>	<u>3,824,416</u>	<u>232,544</u>	<u>18,650</u>	<u>56,943</u>	<u>4,132,553</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<u>\$ 4,139,260</u>	<u>\$ 235,690</u>	<u>\$ 18,650</u>	<u>\$ 71,258</u>	<u>\$ 4,464,858</u>

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

**SWINK SCHOOL DISTRICT #33**  
**Reconciliation of Governmental Fund Balances**  
**to Governmental Activities Net Position**  
**June 30, 2019**

Fund Balance - Governmental Funds		\$	4,132,553
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, not being depreciated	\$	627,961	
Capital assets, being depreciated		11,854,520	
Accumulated depreciation		<u>(6,541,327)</u>	5,941,154
Certain long-term assets are not available to pay for current year expenditures and are therefore deferred in the funds			
Deferred Revenues			10,199
Certain long-term pension and OPEB related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds			
<b>PERA Pension</b>			
Net pension deferred outflows		2,540,533	
Net pension liability		(6,006,038)	
Net pension deferred inflows		<u>(5,151,420)</u>	(8,616,925)
<b>PERA Health Care Trust Fund (OPEB)</b>			
Net OPEB deferred outflows		24,718	
Net OPEB liability		(299,965)	
Net OPEB deferred inflows		<u>(18,577)</u>	(293,824)
Deferred charges related to the issuance of debt that are amortized over the life of the issue, but are not reported in the funds			
Bond premiums			(16,926)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Bonds payable		(1,405,000)	
Accrued interest payable		(4,776)	
Accrued compensated absences		<u>(5,900)</u>	<u>(1,415,676)</u>
Total Net Position - Governmental Activities		\$	<u><u>(259,445)</u></u>

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

SWINK SCHOOL DISTRICT #33  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
For the Year Ended June 30, 2019

	Debt Service		Capital Projects	Other		Total
	General Fund	Bond Redemption	Capital Reserve	Governmental		2019
		Fund	Project Fund	Funds		
<b>REVENUES</b>						
Local Sources	\$ 684,799	\$ 189,494	\$ 888	\$ 54,551	\$	929,732
Intermediate Sources	25	-	-	-	-	25
State Sources	3,462,772	-	-	4,419		3,467,191
Federal Sources	160,533	-	-	89,629		250,162
<b>TOTAL REVENUES</b>	<u>4,308,129</u>	<u>189,494</u>	<u>888</u>	<u>148,599</u>		<u>4,647,110</u>
<b>EXPENDITURES</b>						
Instruction	1,963,565	-	-	-		1,963,565
Pupil Support	200,594	-	-	-		200,594
Staff Support	138,827	-	-	-		138,827
General Administration	237,718	-	-	-		237,718
School Administration	154,124	-	-	-		154,124
Business Services	73,092	-	-	-		73,092
Operations and Maintenance	494,469	-	-	-		494,469
Transportation	112,758	-	300,000	-		412,758
Risk Management	27,648	-	-	143		27,791
Food Service	-	-	-	156,524		156,524
Facilities	-	-	-	-		-
Debt Service	-	185,063	-	-		185,063
<b>TOTAL EXPENDITURES</b>	<u>3,402,795</u>	<u>185,063</u>	<u>300,000</u>	<u>156,667</u>		<u>4,044,525</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	905,334	4,431	(299,112)	(8,068)		602,585
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer In (Out) - net	(220,000)	-	210,000	10,000		-
<b>CHANGE IN FUND BALANCE</b>	685,334	4,431	(89,112)	1,932		602,585
<b>BEGINNING FUND BALANCE</b>	<u>3,139,082</u>	<u>228,113</u>	<u>107,762</u>	<u>55,011</u>		<u>3,529,968</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 3,824,416</u>	<u>\$ 232,544</u>	<u>\$ 18,650</u>	<u>\$ 56,943</u>		<u>\$ 4,132,553</u>

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

**SWINK SCHOOL DISTRICT #33**  
**Reconciliation of Governmental Changes in Fund Balance**  
**to Governmental Activities Change in Net Position**  
**For the Year Ended June 30, 2019**

Change in Fund Balance - Governmental Funds		\$	602,585
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level			
Capitalized Asset Purchases	\$	320,686	
Depreciation Expense		<u>(263,075)</u>	57,611
Certain long-term assets are not available to pay for current year expenditures and are therefore deferred in the funds			
Change in Deferred Revenue			<u>(7,551)</u>
Pension and OPEB expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.			
<b>PERA Pension</b>			
Change in deferred pension outflows		(1,434,083)	
Change in net pension liability		6,206,282	
Change in deferred pension inflows		<u>(3,920,944)</u>	851,255
<b>PERA Health Care Trust Fund (OPEB)</b>			
Change in deferred OPEB outflows		13,781	
Change in net OPEB liability		(21,087)	
Change in deferred OPEB inflows		<u>3,952</u>	<u>(3,354)</u>
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level			
Principal payments on bonds payable		125,000	
Change in accrued interest payable		416	
Amortization of premiums and discounts		3,649	
Change in accrued compensated absences		<u>1,850</u>	<u>130,915</u>
Change in Net Position - Governmental Activities		\$	<u><u>1,631,461</u></u>

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

**SWINK SCHOOL DISTRICT #33**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**Pupil Activity Fund**  
**June 30, 2019**

	<u>Total</u>
	<u>2019</u>
<b>ASSETS</b>	
Cash and Investments	\$ <u>67,039</u>
<b>NET POSITION</b>	
Restricted Net Position (Due to Student Groups)	\$ <u><u>67,039</u></u>

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

## SWINK SCHOOL DISTRICT #33

### NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

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

The accounting policies of Swink School District #33 (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 level of government which is considered to financially accountable over all activities related to public school education in Swink School District #33. 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.

#### **Reporting Entity**

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

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

#### **Basis of Presentation**

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

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

Revenues that are not classified as program revenues are presented as general revenues. The effects of interfund activity have been eliminated from the government-wide financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

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

**Basis of Presentation (Continued)**

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

The District reports the following major governmental funds:

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

*Debt Service Fund (Bond Redemption Fund):* This fund accounts for the repayment of the District's bonded debt.

*Capital Projects Fund (Capital Reserve Project Fund):* This fund is used to account for the District's major capital outlay activity.

The District reports the following nonmajor governmental fund:

*Special Revenue Fund (Food Service Fund):* This fund is used to account for the District's food service operation.

The District reports the following fiduciary funds:

*Agency Fund (Pupil Activity Fund):* This fund is used to account for the money and property held in trust by the District for student organizations. This fund is purely custodial and do not involve the measurement of results of operations.

**Measurement Focus and Basis of Accounting**

**Government-Wide Financial Statements**

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

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

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

**Measurement Focus and Basis of Accounting**

Governmental Fund Financial Statements

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

Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

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

Cash - The District invests cash resources in interest-bearing accounts which are comprised of certificates of deposit, savings accounts, and money market accounts which are legally authorized.

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

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

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

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

Taxes Receivable - Property taxes are recognized as revenue in the year in which they are intended to finance operating expenses. As uncollected 2019 property taxes were measurable at June 30, 2019, the District has recognized a receivable (net of uncollectible portion) for property taxes levied January 1, 2019, but not collected by June 30, 2019.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

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

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

Capital Assets - Capital assets used in governmental activities operations are shown on the government-wide financial statements. These assets are not shown in the governmental funds and are therefore listed as a reconciling item between the two presentations. Property and equipment acquired or constructed for governmental fund operations are recorded as expenditures in the fund, making the purchased and capitalized at cost in the government-wide presentation. No depreciation has been provided on capital assets in the governmental funds. Property and equipment are stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

The District capitalizes all assets with an individual original value of \$5,000 or more and a useful life in excess of one year.

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

Buildings and Site Improvements	35-50 years
Vehicles	10-15 years
Other Equipment	15 years

Unearned Revenue - Unearned revenues represent revenues received which are not recognized until qualifying expenditures are incurred.

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has several items that qualify for reporting in this category, all related to pension and OPEB liabilities as further described in Notes 9 and 11.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District is reporting deferred inflows related to pension and OPEB liabilities as further described in Notes 9 and 11 as well as for property taxes received more than sixty days after year end.

Long-Term Debt - Long-term obligations of the District are reported in the government-wide presentation.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

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

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

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

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

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

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Education, are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

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

All other remaining governmental balances are reported as unassigned.

**Net Position/Fund Balance Flow Assumptions**

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

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

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

**Revenues and Expenditures/Expenses**

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

Property Tax Revenues - Property taxes are levied on December 15, based on the assessed value of property as certified by the County Assessor on October 1. Assessed values are an approximation of market value. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15.

The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November.

Vacation, Sick Leave, and Other Compensated Absences - Compensated absences do not vest or accumulate and are recorded as expenditures when they are paid. As most employees are contracted to work a set number of days during a year, no vacation accrual accumulates. For those employees that earn vacation, all unused vacation at the end of each fiscal year is forfeited. Sick leave is bought down to a maximum of 30 days carryover with that amount not paid upon separation. An accrual is shown on the Government-Wide financial statements for the amount paid subsequent to year end for amounts in excess of 30 days sick leave per individual.

**Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with generally accepted accounting principles (except for the Enterprise Fund, which budgets on a non-GAAP basis). Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year-end.

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

- Budgets are required by state law for all funds. By May 31, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Budgets are required to be filed with the Commissioner of Education within thirty days after the beginning of the fiscal year.
- Budgets may be revised until January 31st of the budget year.
- Expenditures may not legally exceed appropriations at the fund level.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

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

**Budgets and Budgetary Accounting (Continued)**

- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted and amended by the Board of Education.
- Encumbrance accounting is not utilized and all appropriations lapse at year end.

**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 2: CASH AND INVESTMENTS**

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

Governmental activities	\$ 4,384,533
Fiduciary funds	<u>67,039</u>
<b>Total Cash and Investments</b>	<b><u>\$ 4,451,572</u></b>
Bank Deposits	\$ 2,348,222
Investments	1,876,290
Restricted Investments (Held By Custodian)	<u>227,060</u>
<b>Total Cash and Investments</b>	<b><u>\$ 4,451,572</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

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

**Deposits**

Custodial Credit Risk - Deposits

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

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

	<u>Bank Balance</u>	<u>Book Balance</u>
FDIC	\$ 500,000	\$ 500,000
PDPA (not in District's Name)	<u>2,183,495</u>	<u>1,848,222</u>
<b>Total Bank Deposits</b>	<b><u>\$ 2,683,495</u></b>	<b><u>\$ 2,348,222</u></b>

**Investments**

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended June 30, 2019 using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ -	\$ 1,550,225	\$ -	\$ 1,550,225
U.S. Agencies	-	<u>1,473,726</u>	-	<u>1,473,726</u>
Total Investments	<u>\$ -</u>	<u>\$ 3,023,951</u>	<u>\$ -</u>	<u>\$ 3,023,951</u>

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

- **Money Market Mutual Funds:** Valued at quoted market prices.
- **U.S. Agency Securities:** Valued at quoted market prices.

**SWINK SCHOOL DISTRICT #33**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

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

**Investments (Continued)**

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

Investment Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

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

The District's investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above.

During the year ended June 30, 2019, the District invested funds in Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. It invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pool operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. This fund is rated AAAM by the Standard and Poor's Corporation. The balance in this account as of June 30, 2019 was \$1,876,290.

Concentration of Credit Risk

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

Interest Rate Risk

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

**SWINK SCHOOL DISTRICT #33**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

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

**Investments (Continued)**

**Custodial Credit Risk – Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2019, the District bond investments were held by an outside trustee, The Colorado Bank and Trust.

**NOTE 3: INVENTORIES**

Food Service Fund inventory as of June 30, 2019 of \$6,157 consisted of purchased food and non-food supplies. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

**NOTE 4: CAPITAL ASSETS**

Activity for capital assets which are recorded by the District is summarized below.

	<b>Balance June 30, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2019</b>
<b>Governmental Activities:</b>				
Assets not being depreciated:				
Land	\$ 627,961	\$ -	\$ -	\$ 627,961
Assets being depreciated:				
Buildings and Improvements	9,559,360	-	-	9,559,360
Transportation equipment	734,408	320,686	-	1,055,094
Other equipment	1,181,133	-	-	1,181,133
Food service equipment	58,933	-	-	58,933
Total Assets being depreciated	<u>11,533,834</u>	<u>320,686</u>	<u>-</u>	<u>11,854,520</u>
Accumulated depreciation:				
Buildings	(4,456,955)	(225,629)	-	(4,682,584)
Transportation equipment	(680,223)	(17,670)	-	(697,893)
Other equipment	(1,105,441)	(18,006)	-	(1,123,447)
Food service equipment	(35,633)	(1,770)	-	(37,403)
Total Accumulated depreciation	<u>(6,278,252)</u>	<u>(263,075)</u>	<u>-</u>	<u>(6,541,327)</u>
<b>Net Capital Assets</b>	<b><u>\$ 5,883,543</u></b>	<b><u>\$ 57,611</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 5,941,154</u></b>

Depreciation for the governmental activities is allocated as follows:

Instruction	\$ 133,844
Supporting services	129,231
<b>Total depreciation</b>	<b><u>\$ 263,075</u></b>

**SWINK SCHOOL DISTRICT #33**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**NOTE 5: ACCRUED SALARIES AND BENEFITS**

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, in the General and Food Service Funds as of June 30, 2019, are \$296,584 and \$12,295, respectively. Accordingly, the accrued compensation is reflected as a liability in the General and Food Service Funds in the accompanying financial statements.

**NOTE 6: LONG-TERM OBLIGATIONS**

At June 30, 2019, the District had the following long-term obligations.

	Restated Balance July 1, 2018	Advances	Payments	Balance June 30, 2019	Current Portion	Interest Expense
Series 2007 Gen. Oblig. Bonds	\$ 1,530,000	\$ -	\$ 125,000	\$ 1,405,000	\$ 130,000	\$ 59,813
Bond Premiums	20,575	-	3,648	16,927	3,337	-
PERA Net Pension Liability	12,212,320	-	6,206,282	6,006,038	-	-
PERA OPEB Liability	278,878	21,087	-	299,965	-	-
Compensated Absences	7,750	-	1,850	5,900	5,900	-
<b>Total Long-Term Obligations</b>	<b><u>\$ 14,049,523</u></b>	<b><u>\$ 21,087</u></b>	<b><u>\$ 6,336,780</u></b>	<b><u>\$ 7,733,830</u></b>	<b><u>\$ 139,237</u></b>	<b><u>\$ 59,813</u></b>

**Series 2007 General Obligation Bonds Payable**

On December 19, 2007, the district issued \$2,500,000 of General Obligation bonds with interest rates ranging from 4.0% to 4.5%. In addition, \$62,982 of registered coupons, payable during the 2009 fiscal year, were also issued. The bond proceeds along with \$350,000 from the Colorado Department of Local Affairs and \$600,000 from the District's General Fund were used to finance construction of a new gymnasium, improve existing facilities and, to the extent funds were available, equipped the project. Interest is payable semi-annually on December 1<sup>st</sup> and June 1<sup>st</sup> of each year. Principal is payable over a period of twenty years and is payable annually on December 1<sup>st</sup> of each year. Principal and interest is payable on the outstanding obligations as follows:

Year	Principal	Interest	Total
2020	\$ 130,000	\$ 54,713	\$ 184,713
2021	135,000	49,413	184,413
2022	145,000	43,813	188,813
2023	150,000	37,913	187,913
2024	155,000	31,813	186,813
2025-2027	690,000	59,829	749,829
<b>Total</b>	<b><u>\$ 1,405,000</u></b>	<b><u>\$ 277,492</u></b>	<b><u>\$ 1,682,494</u></b>

Bond premiums totaling \$74,976 will be amortized through December 1<sup>st</sup>, 2027. The District has restated the outstanding bond premiums as of July 1, 2018 from the previously reported \$3,300 to \$20,575. This restatement reduced beginning governmental activities net position by \$17,275.

**SWINK SCHOOL DISTRICT #33**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**NOTE 7: JOINTLY GOVERNED ORGANIZATIONS**

BOCES - The District, in conjunction with five other surrounding districts, participates in the Santa Fe Trail 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 BOCES board is comprised of one member from each participating district. For the fiscal year ended June 30, 2019, the District paid net assessments totaling \$59,641 to the BOCES. Financial statements for the Santa Fe Trail BOCES can be obtained from the BOCES Administrative offices at 302 Colorado Avenue, PO Box 980, La Junta, CO 81050.

**NOTE 8: RISK MANAGEMENT**

Property and Liability Coverage

The District belongs to the Colorado School District Self Insurance Pool (“CSDSIP”) that was formed in 1981 to give individual school districts more buying power and financial stability. By partnering with districts across the state, members gain better access to essential coverage at a competitive price, and more control over the entire risk management function.

The coverage provided by CSDSIP is property, crime, general liability, auto liability and physical damage, and errors and omissions. CSDSIP became self-administered in 1997. The board of directors is comprised of nine persons who are district school board members, superintendents, or district business officials. Each member’s premium contribution is determined by CSDSIP based on factors including, but not limited to, the aggregate CSDSIP claims, the cost of administrative and other operating expenses, the number of participants, operating and reserve fund adequacy, investment income and reinsurance expense and profit sharing. Reporting to the Division of Insurance, as well as an audit and actuarial study is conducted annually. These reports may be obtained by contacting the CSDSIP administrative offices at 6857 South Spruce Street, Centennial, CO 80112. The District has not materially changed its coverage from previous years. The District has not recorded any liability for unpaid claims at June 30, 2019. CSDSIP has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members.

The ultimate liability to the District resulting from claims not covered by the pool is not recently determinable. Management is of the opinion that the final outcome of such claims, of any, will not have a material adverse effect on the District’s financial statements.

Workers Compensation

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

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**NOTE 9: DEFINED BENEFIT PENSION PLAN**

**Summary of Significant Accounting Policies**

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

**General Information about the Pension Plan**

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

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

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

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

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lessor 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.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

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

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

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$356,718 for the year ended June 30, 2019.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

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

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

At June 30, 2019, the District reported a liability of \$6,006,038 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a non-employer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a non-employer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 6,006,038
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	\$ 821,242
<b>Total</b>	<b>\$ 6,827,280</b>

At December 31, 2018, the District proportion was 0.03392 percent, which was a decrease of 0.00385 from its proportion measured as of December 31, 2017.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

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

For the year ended June 30, 2019, the District recognized pension income of \$393,288 primarily related to assumption and State Contribution adjustments and revenue of \$48,776 for support from the State of Colorado as a non-employer contributing entity. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 215,868	\$ -
Changes of assumptions or other inputs	\$ 1,301,266	\$ (3,735,109)
Net difference between projected and actual earnings on pension plan investments	\$ 840,181	\$ (541,270)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (875,041)
Contributions subsequent to the measurement date	\$ 183,218	\$ -
<b>Total</b>	<b>\$ 2,540,533</b>	<b>\$ (5,151,420)</b>

\$183,218 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.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Fiscal Year Totals
2020	\$ (505,359)
2021	(1,470,528)
2022	(997,294)
2023	179,076
Total	\$ (2,794,105)

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

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.90-9.70%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	4.78%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00% percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

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

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

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension asset (liability)	\$ (7,635,650)	\$ (6,006,038)	\$ (4,638,519)

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

**NOTE 10: DEFINED CONTRIBUTION PLAN**

**Voluntary Investment Program**

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

*Funding Policy* – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2019 program members contributed \$15,122.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**NOTE 11: OTHER POST-EMPLOYMENT BENEFITS**

Health Care Trust Fund

**Summary of Significant Accounting Policies**

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

**General Information about the OPEB Plan**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

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.

*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.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$19,020 for the year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of \$299,965 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the District's proportion was 0.02205 percent, which was an increase of 0.00059 from its proportion measured as of December 31, 2017.

**SWINK SCHOOL DISTRICT #33**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$22,518. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 1,141	\$ (456)
Net difference between projected and actual earnings on pension plan investments	\$ 5,320	\$ (3,768)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 6,384	\$ (14,353)
Contributions subsequent to the measurement date	\$ 9,769	\$ -
<b>Total</b>	<b>\$ 24,718</b>	<b>\$ (18,577)</b>

\$9,769 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Fiscal Year Totals
2020	\$ (1,563)
2021	(1,563)
2022	(1,563)
2023	(306)
2024	1,303
2025	64
<b>Total</b>	<b>\$ (3,628)</b>

*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:

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50% in the aggregate
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates (PERA benefit structure):	
Service-based premium subsidy	0.00%
PERACare Medicare plans	5.00%
Medicare Part A premiums	3.00 % for 2017, gradually rising to 4.25% in 2023

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.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

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

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

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

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

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

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%

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

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

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

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

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

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

- **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:

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

- 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:

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

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

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

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

<b>Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates</b>			
	1% Decrease	Current Discount Rate	1% Increase
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Proportionate share of the net OPEB asset (liability)	\$ (291,682)	\$ (299,965)	\$ (309,492)

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

<b>Sensitivity of the Net OPEB Liability to Changes in the Discount Rate</b>			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Proportionate share of the net OPEB asset (liability)	\$ (335,635)	\$ (299,965)	\$ (269,471)

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

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**NOTE 12: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES**

**A. Claims and Judgments**

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

**B. Litigation**

The District is potentially subject to various litigations. Counsel has not advised the District that any pending litigation liability meets the reporting or disclosure requirement.

**C. Tabor Amendment**

In November 1992, Colorado voters passed the Taxpayer's Bill of Rights ("TABOR") Amendment (Article X) to the State Constitution which limits state and local government tax powers and imposes spending limitations. The District is subject to the provisions of the TABOR Amendment.

On November 4, 1997, the registered voters approved a ballot resolution authorizing Swink School District #33 to collect, retain, and expend all revenues from any source provided that no property tax mill levy be increased or any new tax imposed.

The Amendment requires the District to reserve 3 percent of fiscal year spending for emergencies. At June 30, 2019, the District had reserved \$132,000 for this purpose.

**NOTE 13: DEFICIT NET POSITION**

The Governmental Activities has an overall net position deficit of \$(259,445) and an unrestricted net position deficit of \$(5,166,300) primarily due to the PERA net pension liability of \$6,006,038, as further described in Note 9 and net OPEB liability of \$299,965, further described in Note 11. As the District has no control over pension benefits or contribution rates, the District expects this deficit net position to continue for the foreseeable future.

**NOTE 14: PRIOR PERIOD RESTATEMENTS**

The District has restated beginning deferred outflows and inflows related to proportion changes for the PERA pension plan. The District has restated these balances to reflect the change in proportion of plan level deferrals that had previously not been material in addition to plan level liabilities. This restatement increased governmental activities net position in the amount of \$536,521. In conjunction with the bond premium adjustment in Note 6, net position was increased \$519,246.

**Required Supplementary Information**  
Pension and OPEB Schedules (Unaudited)

SWINK SCHOOL DISTRICT #33

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION ASSET (LIABILITY)  
PERA Pension Plan  
Last 10 Fiscal Years<sup>(1)</sup>

<u>Fiscal Year</u>	<u>District's proportion of the net pension asset (liability)</u>	<u>District's proportionate share of the net pension asset (liability)</u>	<u>Non-employer contributing entity's total proportionate share of the net pension asset (liability)</u>	<u>Total proportionate share associated with District</u>	<u>District's covered payroll</u>	<u>District's proportionate share of the net pension asset (liability) as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
June 30, 2014	0.04592%	\$ (5,858,691)	\$ -	\$ (5,858,691)	\$ 1,877,385	312.07%	64.07%
June 30, 2015	0.04465%	\$ (6,052,130)	\$ -	\$ (6,052,130)	\$ 1,891,185	320.02%	62.84%
June 30, 2016	0.04343%	\$ (6,641,568)	\$ -	\$ (6,641,568)	\$ 1,873,716	354.46%	59.16%
June 30, 2017	0.04065%	\$ (12,103,721)	\$ -	\$ (12,103,721)	\$ 1,732,638	698.57%	43.13%
June 30, 2018	0.03777%	\$ (12,212,320)	\$ -	\$ (12,212,320)	\$ 1,820,709	670.75%	43.96%
June 30, 2019	0.03392%	\$ (6,006,038)	\$ (821,242)	\$ (6,827,280)	\$ 1,864,704	322.09%	57.01%

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

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

See the accompanying Independent Auditors' Report.

**SWINK SCHOOL DISTRICT #33**

**SCHEDULE OF DISTRICT CONTRIBUTIONS**

**PERA Pension Plan**

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

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2014	\$ 300,135	\$ (300,135)	\$ -	\$ 1,877,385	15.99%
June 30, 2015	\$ 319,481	\$ (319,481)	\$ -	\$ 1,891,185	16.89%
June 30, 2016	\$ 332,358	\$ (332,358)	\$ -	\$ 1,873,716	17.74%
June 30, 2017	\$ 318,445	\$ (318,445)	\$ -	\$ 1,732,638	18.38%
June 30, 2018	\$ 343,913	\$ (343,913)	\$ -	\$ 1,820,709	18.89%
June 30, 2019	\$ 356,718	\$ (356,718)	\$ -	\$ 1,864,704	19.13%

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

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

See the accompanying Independent Auditors' Report.

**SWINK SCHOOL DISTRICT #33**

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

<u>Fiscal Year</u>	<u>District's proportion of the net pension asset (liability)</u>	<u>District's share of the net proportionate pension asset (liability)</u>	<u>District's covered payroll</u>	<u>District's proportionate share of the net pension asset (liability) as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total OPEB liability</u>
June 30, 2017	0.02311%	\$ (299,592)	\$ 1,732,638	17.29%	16.72%
June 30, 2018	0.02146%	\$ (278,878)	\$ 1,820,709	15.32%	17.53%
June 30, 2019	0.02205%	\$ (299,965)	\$ 1,864,704	16.09%	17.03%

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

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

See the accompanying Independent Auditors' Report.

**SWINK SCHOOL DISTRICT #33**

**SCHEDULE OF DISTRICT CONTRIBUTIONS**

**PERA Health Care Trust Fund**

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

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2017	\$ 17,673	\$ (17,673)	\$ -	\$ 1,732,638	1.02%
June 30, 2018	\$ 18,571	\$ (18,571)	\$ -	\$ 1,820,709	1.02%
June 30, 2019	\$ 19,020	\$ (19,020)	\$ -	\$ 1,864,704	1.02%

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

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

See the accompanying Independent Auditors' Report.

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**Required Supplementary Information**  
(Budgetary Comparison Schedules)

**SWINK SCHOOL DISTRICT #33**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2019**

	<b>2019</b>		
	<b>Original &amp; Final</b>		<b>Variance</b>
	<b>Budget</b>	<b>Actual</b>	<b>with Final</b>
			<b>Budget</b>
<b>REVENUES</b>			
<b>Local Sources</b>			
Property Taxes	\$ 407,841	\$ 414,113	\$ 6,272
Specific Ownership Taxes	79,928	136,086	56,158
Delinquent Taxes	1,200	2,957	1,757
Investment Earnings	15,000	46,264	31,264
Fees	5,500	4,936	(564)
Rent Revenue	14,000	15,577	1,577
Donations	2,900	6,573	3,673
Sale of Fixed Assets/Insurance Proceeds	10,720	10,720	-
Insurance Proceeds	-	978	978
Other Local	36,500	46,595	10,095
Total Local Sources	<u>573,589</u>	<u>684,799</u>	<u>111,210</u>
<b>Intermediate Sources</b>			
Mineral Leases	<u>25</u>	<u>25</u>	<u>-</u>
<b>State Sources</b>			
State Share (Equalization)	3,076,700	3,075,833	(867)
State Transportation	14,880	15,515	635
State Grants from CDE			
State Grants to Libraries	7,500	7,500	-
School Health Professional Grant	62,000	62,000	-
Small Rural Schools Additional Funding	133,965	133,965	-
Additional At-Risk Funding	-	1,882	1,882
READ Act	5,844	5,844	-
State Vocational Education	4,000	7,728	3,728
Other Agency State Grants	-	47,575	47,575
State Grants Provided through BOCES	4,527	104,930	100,403
Total State Sources	<u>3,309,416</u>	<u>3,462,772</u>	<u>153,356</u>
<b>Federal Sources</b>			
Federal Grants from CDE			
NCLB Title I, Part A - Improving Basic Programs Operated by Schools	67,006	68,394	1,388
NCLB Title II, Part A - Teacher & Principal Training	10,486	10,638	152
ESSA, Title IV-A: Student Support and Academic Enrichment Grants	10,000	10,000	-
Other Old Federal Grant Codes	12,500	-	(12,500)
Carl Perkins Vocational & Applied Technology Education Act, Title I, Vocational Education	2,450	2,450	-
NCLB, Title VI, Part B, Sub-part I: REAP: Rural Education Initiatives	33,000	35,254	2,254
Federal Provided through BOCES	33,797	33,797	-
Total Federal Sources	<u>169,239</u>	<u>160,533</u>	<u>(8,706)</u>
<b>TOTAL REVENUES</b>	<u>4,052,269</u>	<u>4,308,129</u>	<u>255,860</u>

(Continued)

See the accompanying Independent Auditors' Report

SWINK SCHOOL DISTRICT #33  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 General Fund  
 For the Year Ended June 30, 2019

	2019		
	Original & Final		Variance
	Budget	Actual	with Final Budget
(Continued)			
<b>EXPENDITURES</b>			
<b>Instruction</b>			
Salaries	1,323,909	1,306,369	17,540
Benefits	495,659	468,987	26,672
PS - Professional	6,952	248	6,704
PS - Property	7,000	20,670	(13,670)
PS - Other	121,111	71,485	49,626
Supplies	113,951	95,036	18,915
Property	35,900	-	35,900
Other Expenses	770	770	-
Total Instruction	<u>2,105,252</u>	<u>1,963,565</u>	<u>141,687</u>
<b>Supporting Services</b>			
<b>Pupil Support</b>			
Salaries	89,411	83,175	6,236
Benefits	31,913	29,602	2,311
PS - Professional	6,575	13,078	(6,503)
PS - Property	1,300	1,085	215
PS - Other	79,030	61,080	17,950
Supplies	15,994	7,567	8,427
Other Expenses	650	5,007	(4,357)
Total Pupil Support	<u>224,873</u>	<u>200,594</u>	<u>24,279</u>
<b>Staff Support</b>			
Salaries	80,805	80,130	675
Benefits	29,032	26,054	2,978
PS - Professional	3,000	3,271	(271)
PS - Other	4,880	2,091	2,789
Supplies	24,500	16,793	7,707
Property	10,000	10,000	-
Other Expenses	-	488	(488)
Total Staff Support	<u>152,217</u>	<u>138,827</u>	<u>13,390</u>
<b>General Administration</b>			
Salaries	95,000	95,000	-
Benefits	33,913	81,531	(47,618)
PS - Professional	16,500	15,708	792
PS - Other	29,000	25,421	3,579
Supplies	16,000	11,447	4,553
Property	850	2,306	(1,456)
Other Expenses	7,000	6,305	695
Total General Administration	<u>198,263</u>	<u>237,718</u>	<u>(39,455)</u>
<b>School Administration</b>			
Salaries	110,449	110,533	(84)
Benefits	42,757	40,621	2,136
PS - Other	1,000	1,478	(478)
Supplies	3,500	1,092	2,408
Other Expenses	1,000	400	600
Total School Administration	<u>158,706</u>	<u>154,124</u>	<u>4,582</u>

(Continued)  
 See the accompanying Independent Auditors' Report

SWINK SCHOOL DISTRICT #33  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 General Fund  
 For the Year Ended June 30, 2019

	2019		
	Original & Final Budget	Actual	Variance with Final Budget
(Continued)			
<b>EXPENDITURES (Continued)</b>			
<b>Supporting Services (Continued)</b>			
<b>Business Services</b>			
Salaries	56,410	56,624	(214)
Benefits	18,485	16,468	2,017
Total Business Services	<u>74,895</u>	<u>73,092</u>	<u>1,803</u>
<b>Operations and Maintenance</b>			
Salaries	169,360	162,132	7,228
Benefits	68,082	63,695	4,387
PS - Property	93,370	43,694	49,676
PS - Other	51,521	51,021	500
Supplies	215,862	163,207	52,655
Property	11,170	10,720	450
Total Operations and Maintenance	<u>609,365</u>	<u>494,469</u>	<u>114,896</u>
<b>Transportation</b>			
Salaries	46,774	39,250	7,524
Benefits	16,329	14,650	1,679
PS - Other	19,369	16,928	2,441
Supplies	31,500	26,209	5,291
Property	-	20,685	(20,685)
Other Expenses	-	(4,964)	4,964
Total Transportation	<u>113,972</u>	<u>112,758</u>	<u>1,214</u>
<b>Risk Management</b>			
PS - Other	<u>29,537</u>	<u>27,648</u>	<u>1,889</u>
<b>Facilities/Capital Outlay</b>			
Buildings	21,000	-	21,000
<b>Contingency</b>			
	<u>3,278,271</u>	<u>-</u>	<u>3,278,271</u>
<b>TOTAL EXPENDITURES</b>	<u>6,966,351</u>	<u>3,402,795</u>	<u>3,563,556</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	(2,914,082)	905,334	3,819,416
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers	<u>(225,000)</u>	<u>(220,000)</u>	<u>5,000</u>
<b>CHANGE IN FUND BALANCE</b>	(3,139,082)	685,334	3,824,416
<b>BEGINNING FUND BALANCE</b>	<u>3,139,082</u>	<u>3,139,082</u>	<u>-</u>
<b>ENDING FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 3,824,416</u>	<u>\$ 3,824,416</u>

See accompanying Independent Auditors' Report.

## **Other Supplementary Information**

**SWINK SCHOOL DISTRICT #33**  
**Balance Sheet**  
**Nonmajor Governmental Funds**  
**Food Service Fund**  
**June 30, 2019**  
**(With Comparative Totals for June 30, 2018)**

	<u>Totals</u>
	<u>2019</u>
<b>ASSETS</b>	
Cash and Investments	\$ 62,873
Other Accounts Receivable	2,228
Inventory	<u>6,157</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 71,258</u></u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	
<b>Liabilities</b>	
Accrued Salaries & Benefits	\$ 12,295
Unearned Revenues	<u>2,020</u>
<b>Total Liabilities</b>	<u>14,315</u>
<b>Fund Balance</b>	
Nonspendable Fund Balance	6,157
Committed Fund Balance	
Other Commitments	<u>50,786</u>
<b>Total Fund Balance</b>	<u>56,943</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<u><u>\$ 71,258</u></u>

See accompanying Independent Auditors' Report.

**SWINK SCHOOL DISTRICT #33**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**Food Service Fund**  
**For the Year Ended June 30, 2019**  
**(With Comparative Totals for the Year Ended June 30, 2018)**

	<u>Totals</u>
	<u>2019</u>
<b>REVENUES</b>	
Local Sources	\$ 54,551
State Sources	4,419
Federal Sources	<u>89,629</u>
<b>TOTAL REVENUES</b>	<u>148,599</u>
<b>EXPENDITURES</b>	
Risk Management	143
Food Service	<u>156,524</u>
<b>TOTAL EXPENDITURES</b>	<u>156,667</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	(8,068)
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfer In (Out) - net	<u>10,000</u>
<b>CHANGE IN FUND BALANCE</b>	1,932
<b>BEGINNING FUND BALANCE</b>	<u>55,011</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 56,943</u>

See accompanying Independent Auditors' Report.

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**Special Revenue Fund**

SWINK SCHOOL DISTRICT #33  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 Food Service Fund  
 For the Year Ended June 30, 2019

	2019		Variance with Final Budget
	Final Budget	Actual	
<b>REVENUES</b>			
<b>Local Sources</b>			
Investment Earnings	\$ 90	\$ 217	\$ 127
Food Service Revenue	68,500	53,254	(15,246)
Other Local	-	1,080	1,080
Total Local Sources	68,590	54,551	(14,039)
<b>State Sources</b>			
State Matching Child Nutrition	1,632	1,632	-
Start Smart Nutrition	800	648	(152)
School Lunch Protection Program: Free and Reduced for Pre-K th 2	650	938	288
Other Agency State Grants	-	1,201	1,201
Total State Sources	3,082	4,419	1,337
<b>Federal Sources</b>			
Federal Grants from CDE			
School Breakfast Program	23,000	23,445	445
National School Lunch Program	63,000	54,080	(8,920)
Federal Grants from Other State Agencies			
National School Lunch Program - Commodities	12,000	12,104	104
Total Federal Sources	98,000	89,629	(8,371)
<b>TOTAL REVENUES</b>	<b>169,672</b>	<b>148,599</b>	<b>(21,073)</b>
<b>EXPENDITURES</b>			
<b>Supporting Services</b>			
<b>Risk Management</b>			
PS - Other	147	143	4
<b>Food Service</b>			
Salaries	49,885	48,816	1,069
Benefits	25,769	26,102	(333)
PS - Property	1,500	1,865	(365)
PS - Other	1,500	-	1,500
Supplies	5,000	5,111	(111)
Food	142,382	62,526	79,856
Commodities	13,500	12,104	1,396
Total Food Service	239,536	156,524	83,012
<b>TOTAL EXPENDITURES</b>	<b>239,683</b>	<b>156,667</b>	<b>83,016</b>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	<b>(70,011)</b>	<b>(8,068)</b>	<b>61,943</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers	15,000	10,000	(5,000)
<b>CHANGE IN FUND BALANCE</b>	<b>(55,011)</b>	<b>1,932</b>	<b>56,943</b>
<b>BEGINNING FUND BALANCE</b>	<b>55,011</b>	<b>55,011</b>	<b>-</b>
<b>ENDING FUND BALANCE</b>	<b>\$ -</b>	<b>\$ 56,943</b>	<b>\$ 56,943</b>

See accompanying Independent Auditors' Report.

**Debt Service Fund**

**SWINK SCHOOL DISTRICT #33**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Bond Redemption Fund**  
**For the Year Ended June 30, 2019**

	<b>2019</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>			
<b>Local Sources</b>			
Property Taxes	\$ 187,820	\$ 184,305	\$ (3,515)
Delinquent Taxes	300	1,380	1,080
Investment Earnings	1,000	3,809	2,809
<b>TOTAL REVENUES</b>	<u>189,120</u>	<u>189,494</u>	<u>374</u>
<b>EXPENDITURES</b>			
<b>Supporting Services</b>			
<b>Debt Service</b>			
Principal	125,500	125,250	250
Interest	59,813	59,813	-
Total Debt Service	<u>185,313</u>	<u>185,063</u>	<u>250</u>
<b>Contingency</b>	<u>231,920</u>	-	<u>231,920</u>
<b>TOTAL EXPENDITURES</b>	<u>417,233</u>	<u>185,063</u>	<u>232,170</u>
<b>CHANGE IN FUND BALANCE</b>	(228,113)	4,431	232,544
<b>BEGINNING FUND BALANCE</b>	<u>228,113</u>	<u>228,113</u>	<u>-</u>
<b>ENDING FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 232,544</u>	<u>\$ 232,544</u>

See accompanying Independent Auditors' Report.

**Capital Projects Fund**

**SWINK SCHOOL DISTRICT #33**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Capital Reserve Project Fund**  
**For the Year Ended June 30, 2019**

	<b>2019</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>			
<b>Local Sources</b>			
Investment Earnings	\$ 180	\$ 888	\$ 708
<b>EXPENDITURES</b>			
<b>Supporting Services</b>			
<b>Operations and Maintenance</b>			
Property	32,942	-	32,942
<b>Transportation</b>			
Property	285,000	300,000	(15,000)
<b>TOTAL EXPENDITURES</b>	<u>317,942</u>	<u>300,000</u>	<u>17,942</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	(317,762)	(299,112)	18,650
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers	210,000	210,000	-
<b>CHANGE IN FUND BALANCE</b>	(107,762)	(89,112)	18,650
<b>BEGINNING FUND BALANCE</b>	107,762	107,762	-
<b>ENDING FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 18,650</u>	<u>\$ 18,650</u>

See accompanying Independent Auditors' Report.

**Agency Fund**

**SWINK SCHOOL DISTRICT #33**  
**Schedule of Revenues, Expenses and Changes in Fiduciary Net Position**  
**Budget and Actual**  
**Fiduciary Funds**  
**Pupil Activity Agency Fund**  
**For the Year Ended June 30, 2019**

	<b>2019</b>		
	<b>Final</b>		<b>Variance</b>
	<b>Budget</b>	<b>Actual</b>	<b>with Final</b>
	<b>Budget</b>		<b>Budget</b>
<b>ADDITIONS</b>			
Local Sources	\$ 226,300	\$ 189,990	\$ (36,310)
<b>DEDUCTIONS</b>			
Instruction	315,714	212,365	103,349
<b>CHANGE IN NET POSITION</b>	(89,414)	(22,375)	67,039
<b>BEGINNING NET POSITION</b>	89,414	89,414	-
<b>ENDING NET POSITION</b>	\$ -	\$ 67,039	\$ 67,039

See accompanying Independent Auditors' Report.

**COMPLIANCE SECTION**

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## State Compliance



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 2570 - Swink 33  
 Fiscal Year 2018-19  
 Colorado School District/BOCES

**Revenues, Expenditures, & Fund Balance by Fund**

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
	+		-	=
<b>Governmental</b>				
10 General Fund	3,139,082	4,088,129	3,402,796	3,824,416
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
<b>Sub- Total</b>	<b>3,139,082</b>	<b>4,088,129</b>	<b>3,402,796</b>	<b>3,824,416</b>
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main, Fund	0	0	0	0
21 Food Service Spec Revenue Fund	55,011	158,599	156,666	56,943
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	228,113	189,494	185,062	232,544
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	107,762	210,888	300,000	18,650
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>	<b>3,529,968</b>	<b>4,647,110</b>	<b>4,044,525</b>	<b>4,132,553</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	89,414	189,990	212,365	67,039
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>89,414</b>	<b>189,990</b>	<b>212,365</b>	<b>67,039</b>

FINAL



**Colorado Department of Education**  
**Bolded Balance Sheet Report**

District: 2570 - Swink 33  
 Fiscal Year 2018-19  
 Colorado School District/BOCES

ASSETS	Governmental										Proprietary					Fiduciary			Totals
	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					
Cash and Investments (8100-8104,8111)	4,075,952	0	0	0	0	62,873	227,060	18,650	0	0	0	67,039	0	4,451,573					
Cash with Fiscal Agent (8105)	8,748	0	0	0	0	0	55	0	0	0	0	0	0	8,803					
Taxes Receivable (8121,8122)	19,216	0	0	0	0	0	8,575	0	0	0	0	0	0	27,791					
Grants Accounts Receivable (8142)	3,559	0	0	0	0	0	0	0	0	0	0	0	0	3,559					
Other Receivables (8151-8154,8161)	636	0	0	0	0	2,228	0	0	0	0	0	0	0	2,865					
Inventories (8171,8172,8173)	0	0	0	0	0	6,157	0	0	0	0	0	0	0	6,157					
Prepaid Expenses 8181,8182)	31,149	0	0	0	0	0	0	0	0	0	0	0	0	31,149					
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
<b>Total Assets</b>	<b>4,139,259</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>71,258</b>	<b>235,690</b>	<b>18,650</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>67,039</b>	<b>0</b>	<b>4,531,895</b>					

See accompanying Independent Auditors' Report.

**Governmental**

**Proprietary**

**Fiduciary**

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
<b>LIABILITIES &amp; FUND EQUITY</b>															
<b>LIABILITIES</b>															
Other Payables (7421-7423)	11,206	0	0	0	0	0	0	0	0	0	0	0	0	0	11,206
Accrued Expenses (7461)	296,584	0	0	0	0	12,295	0	0	0	0	0	0	0	0	308,879
Unearned Revenue (7481)	0	0	0	0	0	2,020	0	0	0	0	0	0	0	0	2,020
Deferred Inflow (7800)	7,053	0	0	0	0	0	3,146	0	0	0	0	0	0	0	10,199
<b>Total Liabilities</b>	<b>314,843</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,315</b>	<b>3,146</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>332,304</b>

See accompanying Independent Auditors' Report.

**Governmental**

**Proprietary**

**Fiduciary**

<b>FUND EQUITY</b>	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	6,157	0	0	0	0	0	0	0	0	6,157
Restricted Fund Balance 6720	0	0	0	0	0	0	232,544	0	0	0	0	0	0	0	232,544
TABOR 3% Emergency Reserve 6721	132,000	0	0	0	0	0	0	0	0	0	0	0	0	0	132,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	0	0	0	0	0	0	0	18,650	0	0	0	0	0	0	18,650
Assigned Fund Balance 6760	0	0	0	0	0	50,786	0	0	0	0	0	0	0	0	50,786
Unassigned Fund Balance 6770	3,692,416	0	0	0	0	0	0	0	0	0	0	0	67,039	0	3,759,455
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Fund Equity</b>	<b>3,824,416</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>56,943</b>	<b>232,544</b>	<b>18,650</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>67,039</b>	<b>0</b>	<b>4,199,592</b>

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
<b>Total Liabilities &amp; Fund Equity</b>	4,139,259	0	0	0	0	71,258	235,690	18,650	0	0	0	0	67,039	0	4,531,895
	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	
<b>Do Assets=Liability+Fund Equity</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

See accompanying Independent Auditors' Report.