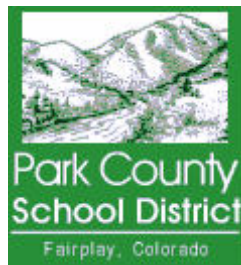


Park County School District RE-2

Financial Report

June 30, 2019



High Altitude, High Attitude, High Achievement

**Park County School District RE-2
Financial Report
June 30, 2019**

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**Park County School District RE-2
Annual Financial Report
June 30, 2019**

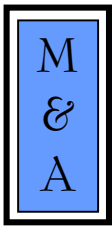
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INDEPENDENT AUDITOR'S REPORT

**To the Board of Education
Park County School District RE-2
Fairplay, Colorado**

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U. S. generally accepted auditing standards. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Park County School District RE-2 as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U. S. generally accepted accounting principles.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

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Other Matters

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

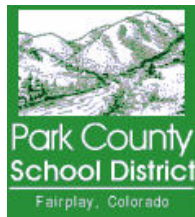
The budgetary comparison schedules in Section E are not a required part of the basic financial statements but is supplementary information required by U. S. generally accepted accounting principles. The budgetary comparison information has been subjected to the auditing procedures applied in the audit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

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

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
February 10, 2020**

Park County School District RE-2
Management's Discussion and Analysis



High Altitude, High Attitude, High Achievement

**Park County School District RE-2
Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2019**

As management of the Park County School District RE-2 (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019.

Financial Highlights

- The assets of the District exceeded its liabilities by \$12,532,193 (net position) at the close of the most recent fiscal year end. Like many Colorado School Districts, unrestricted net assets are negative due to a large net pension liability relating to the District's share of PERA.
- At the end of the current fiscal year, total fund balance for the General Fund was \$4,148,828 or 67% of total General Fund expenditures of \$6,159,911. The District's General Fund includes the Insurance Reserve Fund, as required by the Colorado Department of Education. The District's fund balance, excluding this additional fund, totaled \$4,084,902, which was a decrease of \$93,582.
- The District's total net position (including charter schools) increased by \$1,771,057.
- The District's debt decreased a net amount of \$744,486 from June 30, 2018 and was the result of payments for scheduled debt.

Overview of the Financial Statements

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

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, using accounting methods similar to those used by private-sector businesses.

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

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

The only category reported in the government-wide financial statements is as follows:

- **Governmental activities:** Most of the District's basic services are included here, such as instructional services, transportation, support services, food service and student activities. Such services include activities relating to building maintenance, technology and administration.

The government-wide financial statement includes not only the Park County School District RE-2 itself, but also the Lake George and Guffey Charter Schools as component units to the District. These Charter Schools function as schools of the District, and therefore, have been included as an integral part of the District.

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

Overview of the Financial Statements (continued)

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Capital Reserve Fund, Student Activity Fund, Food Service Fund and Bond Redemption Fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for all of its funds. Budgetary comparison schedules have been provided to demonstrate compliance with state budget statutes.

The basic major governmental fund financial statements can be found on pages C3 through C6.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for Fiduciary funds is much like that used for proprietary funds. The fiduciary funds used by the District account for student clubs and other organizations which exist with the explicit approval of, and are subject to revocation by, the District's Board of Education. The basic fiduciary fund financial statement can be found on page C7 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found in Section D of this report.

Overview of the Financial Statements (continued)

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. This information can be found in Sections E and F of this report.

Government-wide Financial Analysis:

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets exceed liabilities by \$12,532,193 at the close of the most recent fiscal year.

Park County School District RE-2 Summary of Net Position:

| | Governmental Activities | | Component Units | | Total | |
|----------------------------------------------------------|-------------------------|--------------|-----------------|-------------|--------------|--------------|
| | FY 2019 | FY 2018 | FY 2019 | FY 2018 | FY 2019 | FY 2018 |
| Assets: | | | | | | |
| Current and other assets | \$ 9,075,629 | 8,305,664 | 1,068,471 | 835,650 | 10,144,100 | 9,141,314 |
| Capital assets | 32,631,772 | 33,517,359 | 48,897 | 50,414 | 32,680,669 | 33,567,773 |
| Total Assets | 41,707,401 | 41,823,023 | 1,117,368 | 886,064 | 42,824,769 | 42,709,087 |
| Deferred outflows | | | | | | |
| of resources: | | | | | | |
| Pension related deferred outflow | 3,228,093 | 5,992,537 | 964,324 | 1,765,306 | 4,192,417 | 7,757,843 |
| Post-employment health benefits related deferred outflow | 53,020 | 30,544 | 18,443 | 10,898 | 71,463 | 41,442 |
| Total deferred outflows of resources | 3,281,113 | 6,023,081 | 982,767 | 1,776,204 | 4,263,880 | 7,799,285 |
| Liabilities: | | | | | | |
| Other liabilities | 1,556,291 | 494,198 | 171,136 | 155,969 | 1,727,427 | 650,167 |
| Long-term liabilities | 20,259,440 | 31,701,753 | 3,286,408 | 6,155,732 | 23,545,848 | 37,857,485 |
| Total Liabilities | 21,815,731 | 32,195,951 | 3,457,544 | 6,311,701 | 25,273,275 | 38,507,652 |
| Deferred inflows | | | | | | |
| of resources: | | | | | | |
| Pension related deferred inflow | 7,158,070 | 901,772 | 2,123,504 | 327,684 | 9,281,574 | 1,229,456 |
| Post-employment health benefits related deferred inflow | 757 | 7,604 | 850 | 2,524 | 1,607 | 10,128 |
| Total deferred inflows of resources | 7,158,827 | 909,376 | 2,124,354 | 330,208 | 9,283,181 | 1,239,584 |
| Net position: | | | | | | |
| Net invested in capital assets | 22,098,706 | 22,304,833 | 48,897 | 50,414 | 22,147,603 | 22,355,247 |
| Restricted | 3,485,812 | 3,477,736 | 211,124 | 155,412 | 3,696,936 | 3,633,148 |
| Unrestricted | (9,570,562) | (11,041,792) | (3,741,784) | (4,185,467) | (13,312,346) | (15,227,259) |
| Total net position | \$ 16,013,956 | 14,740,777 | (3,481,763) | (3,979,641) | 12,532,193 | 10,761,136 |

Government-wide Financial Analysis (continued):

The following is summary information reflecting the changes in District Net Position:

Park County School District RE-2 Changes in Net Position:

| | Governmental Activities | | Component Units | | Total | |
|------------------------------------|-------------------------|-------------------|------------------|------------------|-------------------|-------------------|
| | FY 2019 | FY 2018 | FY 2019 | FY 2018 | FY 2019 | FY 2018 |
| Revenues: | | | | | | |
| <i>Program revenues:</i> | | | | | | |
| Charges for services | \$ 65,223 | 82,997 | 38,724 | 49,092 | 103,947 | 132,089 |
| Operating grants and contributions | 1,266,779 | 1,212,754 | 502,787 | 310,374 | 1,769,566 | 1,523,128 |
| Capital grants and contributions | 1,563 | 19,553 | 20,352 | 15,910 | 21,915 | 35,463 |
| <i>General revenues:</i> | | | | | | |
| Property taxes | 4,122,843 | 4,132,560 | 1,461,533 | 1,389,369 | 5,584,376 | 5,521,929 |
| Specific ownership taxes | 673,285 | 745,303 | - | - | 673,285 | 745,303 |
| State equalization revenue | 1,502,510 | 1,536,068 | - | - | 1,502,510 | 1,536,068 |
| Investment earnings | 141,557 | 74,718 | 18,284 | 10,856 | 159,841 | 85,574 |
| Other | 564,826 | 418,787 | - | - | 564,826 | 418,787 |
| Gain on disposal of capital assets | - | 3,051 | - | - | - | 3,051 |
| Total Revenues | 8,338,586 | 8,225,791 | 2,041,680 | 1,775,601 | 10,380,266 | 10,001,392 |
| Expenses: | | | | | | |
| Direct instruction | 4,042,964 | 6,709,702 | 883,079 | 1,665,375 | 4,926,043 | 8,375,077 |
| Indirect instruction | 224,549 | 728,983 | - | 660 | 224,549 | 729,643 |
| Transportation | 220,419 | 383,742 | 4,350 | 3,030 | 224,769 | 386,772 |
| Custodial maintenance | 612,166 | 715,165 | 251,776 | 353,368 | 863,942 | 1,068,533 |
| Support services | 457,000 | 430,389 | 33,840 | 30,098 | 490,840 | 460,487 |
| General administration | 762,928 | 1,046,049 | 254,132 | 520,117 | 1,017,060 | 1,566,166 |
| Community service | 135 | 1,182 | 152 | 269 | 287 | 1,451 |
| Student activities | 69,736 | 48,374 | - | - | 69,736 | 48,374 |
| Interest | 418,236 | 443,722 | - | - | 418,236 | 443,722 |
| Food services | 257,274 | 337,693 | 116,473 | 168,534 | 373,747 | 506,227 |
| Total Expenses | 7,065,407 | 10,845,001 | 1,543,802 | 2,741,451 | 8,609,209 | 13,586,452 |
| Change in net position | 1,273,179 | (2,619,210) | 497,878 | (965,850) | 1,771,057 | (3,585,060) |
| Net position, July 1 | 14,740,777 | 17,359,987 | (3,979,641) | (3,013,791) | 10,761,136 | 14,346,196 |
| Net position - June 30 | \$ 16,013,956 | \$ 14,740,777 | \$ (3,481,763) | \$ (3,979,641) | \$ 12,532,193 | \$ 10,761,136 |

Financial Analysis of the District's Funds

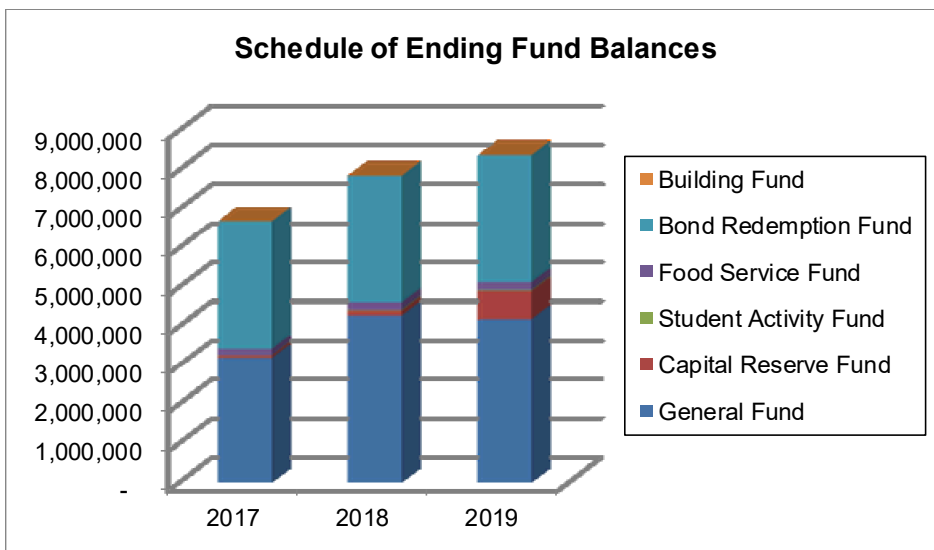
As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$8,347,165. The fund balance increased \$529,249 from the prior year ending fund balances.

Fund Balance Trending:

The following graph provides a view of the District's ending governmental fund balances for the last three fiscal years:



Financial Analysis of the District's Funds (continued)

Budget Variances in the General Fund: 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.

One of the most important variances to discuss is budgeted versus actual revenues and expenditures in the General Fund. The District had a unfavorable comparison to the final budget by -\$295,767. Excluding the budgeted contingency, the District had a unfavorable variance of \$474,753.

Capital Assets: The District's capital assets, net of accumulated depreciation, totaled \$32,631,772 as of June 30, 2019. The District capitalizes assets, including buildings and improvements, vehicles, and equipment with an original cost greater than \$5,000 and useful life of more than two years.

Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements in Section D.

Long-term Debt: As of the end of the current fiscal year, the District's long-term liabilities totaled \$21,080,812, and are comprised of bonds, net pension and OPEB liability, compensated absences and leases payable. This is a net change of \$10,620,941 from the prior year, primarily due to change in net pension liability.

Additional information, as well as a detailed classification of all of the District's total long-term liabilities, can be found in the Notes to the Financial Statements in Section D.

Economic Factors

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

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

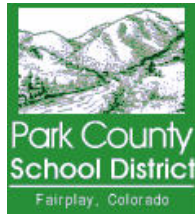
Next Year's Budget and Rates: The District's General Fund balance at the end of fiscal year 2019 totaled \$4,148,828.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Park County School District RE-2, Business Service, P.O. Box 189, Fairplay, Colorado 80440.

Park County School District RE-2

Basic Financial Statements



High Altitude, High Attitude, High Achievement

PARK COUNTY SCHOOL DISTRICT RE-2
Statement of Net Position
June 30, 2019

| | Primary Government | | Component Units |
|----------------------------------------------------------|----------------------------|-------------|--------------------|
| | Governmental Activities | Total | |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | 8,581,312 | 8,581,312 | 1,014,128 |
| Accounts, taxes, and interest receivable | 401,645 | 401,645 | 54,343 |
| Due from other governments | 90,479 | 90,479 | - |
| Inventory | 2,193 | 2,193 | - |
| Total current assets | 9,075,629 | 9,075,629 | 1,068,471 |
| Capital assets: | | | |
| Buildings and improvements | 38,406,940 | 38,406,940 | 48,897 |
| Equipment | 215,786 | 215,786 | - |
| Vehicles | 1,008,076 | 1,008,076 | - |
| Construction in progress | 34,385 | 34,385 | - |
| Less: Accumulated depreciation | (7,033,415) | (7,033,415) | - |
| Total net capital assets | 32,631,772 | 32,631,772 | 48,897 |
| Total assets | 41,707,401 | 41,707,401 | 1,117,368 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Pension related deferred outflows | 3,228,093 | 3,228,093 | 964,324 |
| Post-employment health benefits related deferred outflow | 53,020 | 53,020 | 18,443 |
| Total deferred outflows of resources | 3,281,113 | 3,281,113 | 982,767 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts, retainage, arbitrage & deposits payable | 86,048 | 86,048 | 37,152 |
| Accrued compensation | 613,047 | 613,047 | 129,984 |
| Current portion of long-term debt | 821,372 | 821,372 | 4,000 |
| Accrued interest | 35,824 | 35,824 | - |
| Unearned revenue | - | - | - |
| Total current liabilities | 1,556,291 | 1,556,291 | 171,136 |
| Noncurrent liabilities: | | | |
| Compensated absences | 97,987 | 97,987 | 3,150 |
| Long-term debt, net of current portion | 9,711,694 | 9,711,694 | 20,000 |
| Net pension liability | 9,952,676 | 9,952,676 | 3,108,031 |
| Post-employment health benefits (OPEB) | 497,083 | 497,083 | 155,227 |
| Total noncurrent liabilities | 20,259,440 | 20,259,440 | 3,286,408 |
| Total liabilities | 21,815,731 | 21,815,731 | 3,457,544 |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Pension related deferred inflows | 7,158,070 | 7,158,070 | 2,123,504 |
| Post-employment health benefits related deferred inflow | 757 | 757 | 850 |
| Total deferred inflows of resources | 7,158,827 | 7,158,827 | 2,124,354 |
| NET POSITION | | | |
| Net investment in capital assets | 22,098,706 | 22,098,706 | 48,897 |
| Restricted for: | | | |
| TABOR | 232,250 | 232,250 | 61,624 |
| Other purpose | - | - | 46,000 |
| Debt service | 3,253,562 | 3,253,562 | - |
| Capital reserve | - | - | 103,500 |
| Unrestricted | (9,570,562) | (9,570,562) | (3,741,784) |
| Total net position | 16,013,956 | 16,013,956 | (3,481,763) |

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

PARK COUNTY SCHOOL DISTRICT RE-2
Statement of Activities
For the Year Ended June 30, 2019

| | Program Revenues | | | Net (Expenses) Revenue and Changes in Net Position | | | |
|--------------------------------------------------------------|------------------|----------------------|------------------------------------|----------------------------------------------------|-------------------------|--------------------|--------------------|
| | Expenses | Primary Government | | Primary Government | | | |
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Total | Component Units |
| Functions/Programs: | | | | | | | |
| Governmental Activities: | | | | | | | |
| Current: | | | | | | | |
| Direct instruction | 4,042,964 | - | 1,139,225 | 1,563 | (2,902,176) | (2,902,176) | - |
| Indirect instruction | 224,549 | - | 3,500 | - | (221,049) | (221,049) | - |
| Transportation | 220,419 | - | 42,529 | - | (177,890) | (177,890) | - |
| Custodial and maintenance | 612,166 | - | - | - | (612,166) | (612,166) | - |
| Support services | 457,000 | - | - | - | (457,000) | (457,000) | - |
| General administration | 762,928 | - | - | - | (762,928) | (762,928) | - |
| Community service | 135 | - | - | - | (135) | (135) | - |
| Student activities | 69,736 | - | - | - | (69,736) | (69,736) | - |
| Food service | 257,274 | 65,223 | 81,525 | - | (110,526) | (110,526) | - |
| Interest on long-term debt | 418,236 | - | - | - | (418,236) | (418,236) | - |
| Total governmental activities | <u>7,065,407</u> | <u>65,223</u> | <u>1,266,779</u> | <u>1,563</u> | <u>(5,731,842)</u> | <u>(5,731,842)</u> | <u>-</u> |
| Total Primary Government | <u>7,065,407</u> | <u>65,223</u> | <u>1,266,779</u> | <u>1,563</u> | <u>(5,731,842)</u> | <u>(5,731,842)</u> | <u>-</u> |
| Component Units: | | | | | | | |
| Guffey Charter School | 284,416 | - | 13,980 | 2,515 | - | - | (267,921) |
| Lake George Charter School | 1,259,386 | 38,724 | 93,946 | 17,837 | - | - | (1,108,879) |
| Total component units | <u>1,543,802</u> | <u>38,724</u> | <u>107,926</u> | <u>20,352</u> | <u>-</u> | <u>-</u> | <u>(1,376,800)</u> |
| General revenues: | | | | | | | |
| Property taxes, levied for general purposes | | | | | 2,948,511 | 2,948,511 | 1,461,533 |
| Property taxes, levied for debt | | | | | 1,174,332 | 1,174,332 | - |
| Specific ownership taxes | | | | | 673,285 | 673,285 | - |
| State equalization revenue | | | | | 1,502,510 | 1,502,510 | - |
| Grants and contributions not restricted to specific programs | | | | | 564,826 | 564,826 | 394,861 |
| Interest and investment earnings | | | | | 141,557 | 141,557 | 18,284 |
| Total general revenues, transfers, and special item | | | | | <u>7,005,021</u> | <u>7,005,021</u> | <u>1,874,678</u> |
| Change in net position | | | | | 1,273,179 | 1,273,179 | 497,878 |
| Net position, beginning | | | | | 14,740,777 | 14,740,777 | (3,979,641) |
| Net position, ending | | | | | <u>16,013,956</u> | <u>16,013,956</u> | <u>(3,481,763)</u> |

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

PARK COUNTY SCHOOL DISTRICT RE-2
Balance Sheet
Governmental Funds
June 30, 2019

| ASSETS | General Fund | Student Activity Fund | Food Service Fund | Bond Redemption Fund | Capital Reserve Capital Projects Fund | Total Governmental Funds |
|------------------------------------------|-------------------------|--------------------------------------|------------------------------|-------------------------------------|------------------------------------------------------|-----------------------------------------|
| Assets: | | | | | | |
| Cash and cash equivalents | 4,693,805 | 18,530 | 205,661 | 3,169,213 | 494,105 | 8,581,314 |
| Accounts, taxes, and interest receivable | 294,793 | - | - | 77,478 | - | 372,271 |
| Inventories | - | - | 2,193 | - | - | 2,193 |
| Due from other governments | 83,608 | - | - | 6,871 | - | 90,479 |
| Due from other funds | - | - | - | - | 243,235 | 243,235 |
| Total assets | <u>5,072,206</u> | <u>18,530</u> | <u>207,854</u> | <u>3,253,562</u> | <u>737,340</u> | <u>9,289,492</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts and other current payables | 67,096 | - | 2,917 | - | 16,032 | 86,045 |
| Accrued compensation | 613,047 | - | - | - | - | 613,047 |
| Due to other funds | 243,235 | - | - | - | - | 243,235 |
| Total liabilities | <u>923,378</u> | <u>-</u> | <u>2,917</u> | <u>-</u> | <u>16,032</u> | <u>942,327</u> |
| Fund balances: | | | | | | |
| Non-spendable | - | - | 2,193 | - | - | 2,193 |
| Spendable: | | | | | | |
| Restricted for emergencies | 232,250 | - | - | - | - | 232,250 |
| Restricted for debt service | - | - | - | 3,253,562 | - | 3,253,562 |
| Committed | - | 18,530 | 202,744 | - | - | 221,274 |
| Assigned for other purposes | - | - | - | - | 721,308 | 721,308 |
| Assigned for risk management | 63,926 | - | - | - | - | 63,926 |
| Unassigned: | | | | | | |
| General Fund | 3,852,652 | - | - | - | - | 3,852,652 |
| Total fund balances | <u>4,148,828</u> | <u>18,530</u> | <u>204,937</u> | <u>3,253,562</u> | <u>721,308</u> | <u>8,347,165</u> |
| Total liabilities and fund balances | <u>5,072,206</u> | <u>18,530</u> | <u>207,854</u> | <u>3,253,562</u> | <u>737,340</u> | <u>9,289,492</u> |

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

PARK COUNTY SCHOOL DISTRICT RE-2
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2019

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Governmental Funds Total Fund Balance | 8,347,165 |
| Property taxes receivables collected 60 days after year-end are not available to pay for the current period's expenditures, and, therefore, are not reflected in the funds. | 29,369 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | 39,665,187 |
| Less: | |
| Accumulated depreciation is not recognized in the governmental funds because capital assets used in governmental activities are not financial resources. | (7,033,415) |
| Accrued interest payable on long-term liabilities is recognized when due and, therefore, is not reported in the funds. | (35,824) |
| Changes in pension related actuarial assumptions, proportion of collective pension amounts, differences between actual and expected experience and investment earnings, and differences between actual and annualized contributions to the pension plan are recorded as deferred inflows or outflows of resources and amortized over the average remaining service life of all active and inactive plan members. | |
| Unamortized post-employment health benefits related deferred outflows | 53,020 |
| Unamortized post-employment health benefits related deferred inflows | (757) |
| Unamortized Pension-related Deferred Outflows | 3,228,093 |
| Unamortized Pension-related Deferred Inflows | (7,158,070) |
| Long-term liabilities, including bonds payable, leases payable, compensated absences, and early retirement are not due and payable in the current period and, therefore, are not reported in the funds. The following liabilities are reported in the government-wide Statement of Net Position: | |
| Bonds payable | (10,415,329) |
| Leases payable | (117,737) |
| Compensated absences | (97,987) |
| Net pension liability | (9,952,676) |
| Post-employment health benefits liability | (497,083) |
| | 16,013,956 |
| Governmental Activities Net Position | 16,013,956 |

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

PARK COUNTY SCHOOL DISTRICT RE-2
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

| | General Fund | Student Activity Fund | Food Service Fund | Bond Redemption Fund | Capital Reserve Fund | Total Governmental Funds |
|--------------------------------------------------------------|------------------|-----------------------------|----------------------|----------------------------|-------------------------|--------------------------------|
| REVENUES | | | | | | |
| Taxes: | | | | | | |
| Property taxes | 2,948,511 | - | - | 1,174,332 | - | 4,122,843 |
| Specific ownership taxes | 673,285 | - | - | - | - | 673,285 |
| State intergovernmental revenue | 2,070,130 | - | 4,100 | - | 62,620 | 2,136,850 |
| Federal intergovernmental revenue | 562,461 | - | 77,425 | - | - | 639,886 |
| Investment income | 138,643 | - | 62 | 2,686 | 165 | 141,556 |
| Other | 491,206 | 60,746 | 65,223 | - | - | 617,175 |
| Total revenues | <u>6,884,236</u> | <u>60,746</u> | <u>146,810</u> | <u>1,177,018</u> | <u>62,785</u> | <u>8,331,595</u> |
| EXPENDITURES | | | | | | |
| Direct instruction | 3,634,219 | - | - | - | - | 3,634,219 |
| Indirect instruction | 258,665 | - | - | - | - | 258,665 |
| Transportation | 189,458 | - | - | - | - | 189,458 |
| Custodial and maintenance | 656,329 | - | - | - | - | 656,329 |
| Support services | 498,198 | - | - | - | - | 498,198 |
| General administration | 888,162 | - | - | - | - | 888,162 |
| Community service | 495 | - | - | - | - | 495 |
| Food service | - | - | 271,961 | - | - | 271,961 |
| Student activities | - | 69,737 | - | - | - | 69,737 |
| Debt service: | | | | | | |
| Principal | - | - | - | 744,486 | 49,844 | 794,330 |
| Interest | - | - | - | 415,557 | 2,679 | 418,236 |
| Other | - | - | - | 5,899 | - | 5,899 |
| Capital outlay | 34,385 | - | - | - | 197,142 | 231,527 |
| Total expenditures | <u>6,159,911</u> | <u>69,737</u> | <u>271,961</u> | <u>1,165,942</u> | <u>249,665</u> | <u>7,917,216</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>724,325</u> | <u>(8,991)</u> | <u>(125,151)</u> | <u>11,076</u> | <u>(186,880)</u> | <u>414,379</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Debt proceeds | - | - | - | - | 114,870 | 114,870 |
| Transfers in (out) | (813,965) | 10,500 | 138,550 | - | 664,915 | - |
| Total other financing sources (uses) | <u>(813,965)</u> | <u>10,500</u> | <u>138,550</u> | <u>-</u> | <u>779,785</u> | <u>114,870</u> |
| NET CHANGE IN FUND BALANCES | (89,640) | 1,509 | 13,399 | 11,076 | 592,905 | 529,249 |
| FUND BALANCES, BEGINNING | <u>4,238,468</u> | <u>17,021</u> | <u>191,538</u> | <u>3,242,486</u> | <u>128,403</u> | <u>7,817,916</u> |
| FUND BALANCES, ENDING | <u>4,148,828</u> | <u>18,530</u> | <u>204,937</u> | <u>3,253,562</u> | <u>721,308</u> | <u>8,347,165</u> |

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

PARK COUNTY SCHOOL DISTRICT RE-2
Reconciliation of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
June 30, 2019

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Governmental Funds Change in Fund Balances | 529,249 |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay reported as expenditures in the governmental funds. | 149,255 |
| Retirement of principal outstanding on the District's debt, including capital leases, is a reduction of accumulated resources on the fund financial statements. The government-wide statements show these as reductions against long-term liabilities. | 794,330 |
| Accrued compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in accrued compensated absences during the year. | 19,689 |
| The District is paying off its obligation for early retirement to past employees. This represents the change in the liability for early retirement. | 6,706 |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense for the year. | (1,034,842) |
| The issuance of long-term debt provides current financial resources to governmental funds but does not have any effect on Net Position of governmental activities. This is the amount of the debt proceeds received during the year. | (114,870) |
| Difference between employer contributions to pension plan and changes in pension liability and amortization of pension-related deferrals. | 937,033 |
| Changes in the District's net post-employment health benefits obligation reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in District's net post-employment health benefits obligation during the year, including differences between District contributions to the plan and amortization of post-employment health benefits related deferrals. | (13,371) |
| Governmental Activities Change in Net Position | 1,273,179 |

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

PARK COUNTY SCHOOL DISTRICT RE-2
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2019

| | Scholarship Fund | Student Activity Fund | Total |
|------------------------------------------------------|-----------------------------|--------------------------------------|--------------|
| ASSETS | | | |
| Cash and cash equivalents | 5,109 | 110,825 | 115,934 |
| Total assets | 5,109 | 110,825 | 115,934 |
| LIABILITIES | | | |
| Due to student activities and other organizations | 5,109 | 110,825 | 115,934 |

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

PARK COUNTY SCHOOL DISTRICT RE-2
Combining Statement of Net Position
Discretely Presented Component Units
June 30, 2019

| | Guffey Charter School | Lake George Charter School | Total |
|----------------------------------------------------------|--------------------------------------|-------------------------------------------|--------------------|
| Assets: | | | |
| Cash and cash equivalents | 359,219 | 654,909 | 1,014,128 |
| Accounts, taxes, and interest receivable | 46,120 | 8,223 | 54,343 |
| Capital assets | 48,897 | - | 48,897 |
| Total Assets | 454,236 | 663,132 | 1,117,368 |
| Deferred Outflows: | | | |
| Pension related deferred outflow | 203,822 | 760,502 | 964,324 |
| Post-employment health benefits related deferred outflow | 1,576 | 16,867 | 18,443 |
| Total Deferred Outflows | 205,398 | 777,369 | 982,767 |
| Current Liabilities | | | |
| Accounts payable and accrued expenses | 6,996 | 30,156 | 37,152 |
| Accrued compensation | 34,255 | 95,729 | 129,984 |
| Retirement payable, current portion | 4,000 | - | 4,000 |
| Total Current Liabilities | 45,251 | 125,885 | 171,136 |
| Noncurrent Liabilities: | | | |
| Accrued compensated absences | 3,150 | - | 3,150 |
| Retirement payable, net of current portion | 20,000 | - | 20,000 |
| Net pension liability | 670,983 | 2,437,048 | 3,108,031 |
| Post-employment health benefits (OPEB) | 33,512 | 121,715 | 155,227 |
| Total Noncurrent Liabilities | 727,645 | 2,558,763 | 3,286,408 |
| Deferred Inflows: | | | |
| Pension related deferred inflows | 533,012 | 1,590,492 | 2,123,504 |
| Post-employment health benefits related deferred inflow | 668 | 182 | 850 |
| Total Deferred Inflows | 533,680 | 1,590,674 | 2,124,354 |
| Net Position: | | | |
| Invested in Capital Assets | 48,897 | - | 48,897 |
| Restricted for: | | | |
| TABOR | 15,000 | 46,624 | 61,624 |
| Other purpose | 46,000 | - | 46,000 |
| Capital reserve | - | 103,500 | 103,500 |
| Unrestricted | (756,839) | (2,984,945) | (3,741,784) |
| Total Net Position | (646,942) | (2,834,821) | (3,481,763) |
| Total liabilities and net position | 659,634 | 1,440,501 | 2,100,135 |

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

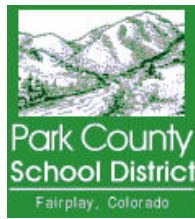
PARK COUNTY SCHOOL DISTRICT RE-2
Combining Statement of Activities
Discretely Presented Component Units
June 30, 2019

| | Guffey Charter School | Lake George Charter School | Total |
|--------------------------------------------------------------|--------------------------------------|-------------------------------------------|---------------------------|
| REVENUES | | | |
| Property taxes, levied for general purposes | 284,029 | 1,177,504 | 1,461,533 |
| Grants and contributions not restricted to specific programs | 130,823 | 264,038 | 394,861 |
| Charges for services | - | 38,724 | 38,724 |
| Operating grants | 13,980 | 93,946 | 107,926 |
| Capital grants | 2,515 | 17,837 | 20,352 |
| Interest and investment earnings | 7,052 | 11,232 | 18,284 |
| Total revenues | <u>438,399</u> | <u>1,603,281</u> | <u>2,041,680</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Direct instruction | 172,272 | 710,806 | 883,078 |
| General administration | 72,738 | 181,394 | 254,132 |
| Support services | 18 | 33,822 | 33,840 |
| Custodial and maintenance | 27,416 | 224,360 | 251,776 |
| Transportation | 1,935 | 2,415 | 4,350 |
| Community services | 152 | - | 152 |
| Food service | 9,885 | 106,589 | 116,474 |
| Total expenditures | <u>284,416</u> | <u>1,259,386</u> | <u>1,543,802</u> |
| CHANGE IN NET POSITION | <u>153,983</u> | <u>343,895</u> | <u>497,878</u> |
| NET POSITION, BEGINNING | <u>(800,925)</u> | <u>(3,178,716)</u> | <u>(3,979,641)</u> |
| NET POSITION, ENDING | <u><u>(646,942)</u></u> | <u><u>(2,834,821)</u></u> | <u><u>(3,481,763)</u></u> |

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

Park County School District RE-2

Notes to the Financial Statements



High Altitude, High Attitude, High Achievement

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019

I. Summary of Significant Accounting Policies

The Park County School District RE-2 (the "District") is located within Park County, Colorado. The District provides services to approximately 693 students. This includes students at the District's two charter schools, Guffey Charter School and Lake George Charter School. The District's mission is to *"strive to provide a safe environment, meaningful opportunities and innovative educational programs for all students so that they reach their learning potential, including that they meet or exceed state and District content standards, through partnership between home, school and the community"*. The District operates the following schools:

Elementary Schools

Edith Teter Elementary School
Guffey Charter School
Lake George Charter School

Middle Schools

South Park Middle School

High School

South Park High

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

A. Reporting Entity

The District was formed under the laws of the State of Colorado and operates under an elected Board of Education. As required by GAAP, the financial statements of the reporting entity include those of the District and its component units, entities for which the District is considered to be financially accountable.

Component Units - Charter Schools

On June 3, 1993, the Colorado State Legislature passed a statute, known as the Charter School Act (the "Act"), allowing the creation of public, non-sectarian, non-religious, non-home-based schools to operate within a public school district. The schools, known as charter schools, allow for groups of parents, teachers, and community members to operate a school in a semi-autonomous environment. Under the Act, charter schools operate according to an approved charter application that serves as a contract between the charter school and the District's Board.

In 1995 the District approved a charter application through a resolution, allowing for the creation of the Lake George / Guffey Charter School. The charter contract was later amended to separate the schools into the Lake George Charter School and the Guffey Charter School.

Lake George and Guffey Charter Schools are included in the District's reporting entity because of the nature and significance of their operational and financial relationships with the District. Both schools have been consolidated and are discretely presented component units to the District.

Individual financial statements can be obtained from: Guffey Community Charter School, 1459 Main St., Guffey CO 80820 and Lake George Charter School, P.O. Box 420, Lake George, CO 80827.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. District-wide and Fund Financial Statements

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

1. District-wide Financial Statements

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

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

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

2. Fund Financial Statements

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

The District reports the following major governmental funds:

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

The *Insurance Reserve Fund* accounts for insurance programs maintained by the District. This fund has been consolidated and reported within the District's General Fund.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements (continued)

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. One or more specific restricted or committed revenue should be the foundation for the fund. The District reports the following special major revenue funds:

The *Student Activity Fund* accounts for the revenues and expenditures of funds used in student sports, clubs, and extracurricular activities. The primary source of funding is fees related to participation in the particular revenue.

The *Food Service Fund* accounts for the activities of the District's school lunch programs.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District reports the following capital projects funds:

The *Capital Reserve Fund* accounts for acquisitions of capital items.

The *Bond Redemption Fund* accounts for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

The District reports the following fiduciary funds:

The *Scholarship Fund* accounts for assets held by the District as an agent for student scholarships.

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

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

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

1. Long-term Economic Focus and Accrual Basis

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

2. Current Financial Focus and Modified Accrual Basis

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

3. Financial Statement Presentation

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

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

2. Investments

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

2. Investments (continued)

The District's investment policy permits investments in the following type of obligations which corresponds with state statutes:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

3. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

4. Property Taxes

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

5. Inventories

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

6. Interfund Receivables and Payables

Balances at year-end between funds are reported as "due from / due to other funds" in the fund financial statements. Any residual balances not eliminated between the governmental and business-type activities are reported as "internal balances" in the district-wide financial statements.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

7. 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.

8. Defined Benefit Other Post Employment Benefit (OPEB) Plan

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.

9. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditures) until then. The District has two items that qualify for reporting under this category on the Statement of Net Position. The two items are the collective deferred outflows of resources related to the District's net pension obligation and other post-employment benefit obligations ("OPEB"). Pension and OPEB contributions made after the measurement date, and the net difference between projected and actual earnings will be recognized as a reduction of the net pension or OPEB liability in future periods.

Deferred inflows of resources represent an acquisition of net position that apply to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. Deferred revenue reported in the governmental balance sheet is deferred and recognized as an inflow of resources in the period that the amounts become available. Collective deferred inflows related to the District's net pension obligation and other post-employment benefits obligations are reported on the Statement of Net Position and are amortized over the average service lives of participants. See Note III (G) below for discussion on pension related deferred outflows and inflows.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

10. Capital Assets

Capital assets, which include buildings and improvements, equipment, and vehicles, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements and in the proprietary fund financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed in the business-type activities and proprietary fund financial statements.

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

| <u>Assets</u> | <u>Years</u> |
|----------------------------|--------------|
| Buildings and improvements | 15 - 40 |
| Equipment | 3 - 7 |
| Vehicles | 3 - 10 |

11. Compensated Absences and Early Retirement

Earned but unused sick and personal leave and early retirement benefits are accrued when incurred in the government-wide financial statements.

12. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

13. Fund Equity

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

E. Significant Accounting Policies

1. Use of Estimates

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

2. Restricted and Unrestricted Resources

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

3. Subsequent Events

Management has evaluated subsequent events through **February 10, 2020**; the date that these financial statements were available to be issued.

II. Reconciliation of District-wide and Fund Financial Statements

The governmental fund Balance Sheet includes reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the District-wide Statement of Net Position. Additionally, the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes reconciliation between *net change in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the District-wide Statement of Activities.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

The District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. On or about December 1, the Superintendent submits to the Board of Education a five-year financial projection. This is the basis for budgeting guidelines established by the Board of Education.
- b. By May 31st, the Superintendent submits to the Board a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and means of financing them.
- c. Public hearings are conducted at a regular Board of Education meeting to obtain taxpayer comment.
- d. Prior to June 30, the budget is legally adopted by the Board of Education.
- e. Formal budgetary integration is employed as a management control device during the year for all funds.
- f. The District issues a separate budget document after the budget is approved by the Board of Education.

Colorado Budget Law requires that all funds have legally adopted budgets and appropriations. The total expenditures for each fund may not exceed the amount appropriated. Appropriations for a fund may be increased if unanticipated revenues offset them. Where applicable, the Board of Education includes available fund balance in the amount appropriated in the annual Appropriations Resolution.

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

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year except they exclude appropriated available fund balance. Individual amendments were not material in relation to the original appropriations.

Budgets are prepared on a GAAP basis for all funds except the General Fund, which recognized revenue and expense for the proportionate share of the State of Colorado's contribution payment to PERA's School Division Trust Fund. The budget for this fund has been adopted on a non-GAAP budget and are reconciled to GAAP below:

| | General Fund |
|-----------------------------------------------|-------------------------|
| Net change in fund balances - budget basis | \$ (89,640) |
| Add/(less): | |
| Pension direct distribution - special funding | 80,828 |
| Pension expense - special funding | (80,828) |
| Net change in fund balances - GAAP basis | \$ (89,640) |

During the year, the District's Capital Reserve and Student Activity fund expenditures exceeded appropriations. This may be a violation of Colorado State Statute.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Stewardship, Compliance, and Accountability

B. TABOR Amendment

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

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

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending. The District has reserved \$232,250 of its June 30, 2019 year-end General Fund balance for emergencies as required under TABOR.

On November 3, 1998, the District's electorate approved to: *"allow the District to collect, keep, and expend revenue from any sources received without regard to any spending, revenue raising, or other limitation on Article X, Section 20 of the Colorado constitution or other laws of the State."*

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

C. Mill Levy Override

In 2004 the District's electorate approved an additional mill levy to increase property taxes by \$207,000 annually for the following purposes:

- Maintaining optimal teacher / pupil ratios
- Developing and improving curricula
- Attracting, training and retaining quality staff

This revenue is shown on the financial statements as property tax revenue.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances for accounts over \$250,000 are collateralized as required by PDPA. The carrying amount of the District's demand deposits was \$3,960,432 at year end.

Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

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

| Investments Measured at Net Asset Value | Total |
|------------------------------------------------|--------------|
| Colostrust | \$ 4,661,007 |

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments

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

| <u>Type:</u> | <u>Rating</u> | <u>Carrying Amount</u> | <u>Maturities</u> | |
|------------------------|---------------|------------------------|---------------------------|-----------------------------|
| | | | <u>Less Than One Year</u> | <u>Less Than Five Years</u> |
| <i>Deposits:</i> | | | | |
| Petty Cash | | \$ 75,807 | 75,807 | - |
| Checking Accounts | | \$ 3,446,110 | 3,446,110 | - |
| Savings Accounts | | 514,322 | 514,322 | - |
| <i>Investments:</i> | | | | |
| Investment Pool | AAAm | 4,661,007 | 4,661,007 | - |
| Cash with Fiscal Agent | Not Rated | - | - | - |
| | | <u>\$ 8,697,246</u> | <u>8,697,246</u> | <u>-</u> |

At June 30, 2019, the District was invested in the Colorado Government Liquid Asset Trust ("COLOTRUST"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating COLOTRUST. The pool operates in conformity with the Securities and Exchange Commission's Rule 2a-7 with each share equal in value to \$1.00.

Investments of COLOTRUST are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

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

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

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables

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

| | <u>General Fund</u> | <u>Bond Redemption Fund</u> | <u>Total Governmental Funds</u> |
|-----------------------------------|-------------------------|-------------------------------------|-----------------------------------------|
| Receivables: | | | |
| Taxes | \$ 294,793 | 77,478 | 372,271 |
| Accounts | 54,343 | - | 54,343 |
| Intergovernmental | 83,608 | 6,871 | 90,479 |
| Gross receivables | <u>432,744</u> | <u>84,349</u> | <u>517,093</u> |
| Less: allowance for uncollectible | - | - | - |
| Net Receivables | <u>\$ 432,744</u> | <u>84,349</u> | <u>517,093</u> |

Governmental funds report property tax receivable for property taxes levied in fiscal year 2019 but not available until 2020.

C. Capital Assets

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

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|----------------------------------------------------|------------------------------|--------------------|------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Construction in progress | \$ - | 34,385 | - | 34,385 |
| Total capital assets, not being depreciated | <u>-</u> | <u>34,385</u> | <u>-</u> | <u>34,385</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 38,406,940 | - | - | 38,406,940 |
| Vehicles | 893,206 | 114,870 | - | 1,008,076 |
| Equipment | 215,786 | - | - | 215,786 |
| Total capital assets being depreciated | <u>39,515,932</u> | <u>114,870</u> | <u>-</u> | <u>39,630,802</u> |
| Total capital assets - Cost | <u>39,515,932</u> | <u>149,255</u> | <u>-</u> | <u>39,665,187</u> |
| Less: accumulated depreciation for: | | | | |
| Buildings and improvements | (4,981,367) | (961,221) | - | (5,942,588) |
| Vehicles | (838,493) | (62,208) | - | (900,701) |
| Equipment | (178,713) | (11,413) | - | (190,126) |
| Total accumulated depreciation | <u>(5,998,573)</u> | <u>(1,034,842)</u> | <u>-</u> | <u>(7,033,415)</u> |
| Governmental activities capital assets, net | <u>\$ 33,517,359</u> | <u>(885,587)</u> | <u>-</u> | <u>32,631,772</u> |

The District had \$1,030,184 of fully depreciated capital assets still in service at June 30, 2019.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

The District had the following capital outlay and depreciation expense for the following functions and business-type activities:

| | <u>Capital Outlay</u> | <u>Depreciation Expense</u> |
|--------------------------------------|---------------------------|---------------------------------|
| Governmental activities: | | |
| Direct instruction | \$ - | 961,221 |
| Indirect instruction | - | 7,865 |
| Transportation | 114,870 | 54,343 |
| Support services | - | 1,380 |
| General administration | - | 10,033 |
| Student activities | 34,385 | - |
| Total governmental activities | <u>\$ 149,255</u> | <u>1,034,842</u> |

D. Interfund Receivables, Payables, and Transfers

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Transfers for fiscal year 2019 were as follows:

| | <u>Transfer In</u> | <u>Transfer (out)</u> | <u>Reason</u> |
|-----------------------|--------------------|-----------------------|-----------------------------------|
| General Fund | \$ - | (813,965) | To fund operations in other funds |
| Student Activity Fund | 10,500 | - | Additional funding |
| Bond Redemption Fund | - | - | Transfer of interest income |
| Capital Reserve Fund | 664,915 | - | Additional funding |
| Food Service Fund | 138,550 | - | Transfer of food service salaries |
| | <u>\$ 813,965</u> | <u>(813,965)</u> | |

E. Operating Leases

The District is committed under various leases for office equipment. These leases are considered, for accounting purposes, to be operating leases, and therefore, the liability and the related assets have not been recorded in these financial statements. All operating leases are annually appropriable.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt

1. General Obligation Bonds, Series 2010

On November 3rd, 2009 the District's electorate approved an increase in District General Obligation Debt of \$16,000,000 with a commensurate increase in property taxes of \$1,470,000 annually for the replacement of the District's Elementary School, Middle School, High School, and Lake George Charter building along with various other District facilities. Approval was contingent upon an award of a Building Excellent Schools Today ("BEST") grant by the Colorado Department of Education. As a result of the ballot question being approved, the following transactions occurred:

- i. On February 24, 2010 approved a resolution authorizing the District to enter into a "site lease" whereby the District's school property was leased to Zion's First National Bank solely in its capacity as Trustee. The Term expires on March 16, 2050 or completion of several other events. The Site Lease does not require any ongoing rent payments.
- ii. On March 16, 2010 the District issued a General Obligation Bond, Series 2010 for \$15,060,382. The proceeds were provided to the State of Colorado and matched with grant proceeds of \$15,060,382 for construction of school facilities on the "site lease" (see Note V.G.1, below). The bond includes payments on June 1st and March 1st totaling \$1,102,881 annually. The final maturity date for the bond shall be December 1, 2029. The bond carries an interest rate of 3.84% and is subject to optional redemption in whole on June 1, 2021 with a redemption premium of 3%.
- iii. On March 16, 2010, Zion's Bank in its capacity as Trustee signed an agreement to lease to the State of Colorado the site property along with any improvements on the property.
- iv. On March 16, 2010, the District entered into a sublease with the State of Colorado for the site property. The sublease requires the District to provide the proceeds of its General Obligation Bond, Series 2010 as base rent. The agreement also requires the District to complete construction of the District's buildings in accordance with agreed upon specifications. The construction is paid from State funds including the District's General Obligation Bond Series 2010.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

1. General Obligation Bonds, Series 2010 (continued)

On December 16, 2010 the Lake George Charter School participated in the BEST Program as detailed in the previous note. As a result, the Series 2010D-F Bonds were issued for \$939,550. The bonds carry a coupon interest rate of 4.082% and require annual principal payments on December 1 and semiannual interest payments on June 1 and December 1. The bonds mature on December 1, 2030.

2. 2011 Capital Lease Agreement

The District entered into a lease purchase agreement in 2011 for the purpose of acquiring a school bus. The original amount of the lease was \$102,900 at an interest rate of 3.49%. The lease requires quarterly payments of \$5,629. The lease is subject to the District's annual appropriation of funds to pay the annual lease payments. The lease terminated when the last payment was made on August 19, 2016.

Capital lease obligations are liquidated by the Capital Reserve Fund.

3. 2015 Capital Lease Agreement

The District entered into a lease purchase agreement in 2015 for the purpose of acquiring a school bus. The original amount of the lease was \$127,425 at an interest rate of 2.97%. The lease requires annual payments of \$27,543.75. The lease is subject to the District's annual appropriation of funds to pay the annual lease payments and terminates when the last payment is made, anticipated to be July 15, 2019.

Capital lease obligations are liquidated by the Capital Reserve Fund.

4. Schedule of Future Debt Payments

The District's future annual debt service requirements are as follows:

| <u>Fiscal Year Ending:</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|----------------------|------------------|-------------------|
| 2020 | \$ 821,372 | 390,642 | 1,212,014 |
| 2021 | 825,226 | 358,671 | 1,183,897 |
| 2022 | 857,001 | 326,300 | 1,183,301 |
| 2023 | 890,000 | 292,682 | 1,182,682 |
| 2024 | 899,292 | 257,769 | 1,157,061 |
| 2025-2029 | 5,043,354 | 731,424 | 5,774,778 |
| 2030-2031 | 1,196,821 | 24,525 | 1,221,346 |
| Totals | <u>\$ 10,533,066</u> | <u>2,382,013</u> | <u>12,915,079</u> |

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

5. Compensated Absences and Early Retirement

The District has a policy for the accumulation of sick and personal leave payouts. This policy is subject to certain limits, which are established by the Board, and are based on the employee's length of service with the District.

After the completion of twenty-four years of full-time service (but prior to twenty-seven years), twenty years of which must be consecutive, employees are eligible to retire and receive 125% of their highest annual salary over the five-year period subsequent to retirement.

The estimated liability for compensated absences and early retirement for all employees is recorded in governmental activities in the Statement of Net Position. These liabilities for governmental activities are generally liquidated by the General Fund.

6. Line of Credit

The District entered into a credit arrangement (the "Credit Agreement") with TBK Bank in October 2017 with a maturity date of October 31, 2018.

The Credit Agreement provided for a line of credit not to exceed \$500,000. Amounts drawn on the line of credit bear interest at 4.4%. The Credit Agreement is secured by the assignment of District taxes. During 2019, the District made aggregate draws of \$0 against the line of credit and repaid \$0 pursuant to the terms of the credit agreement. No principal balance was outstanding on the line of credit as of June 30, 2019.

7. Changes in Long-term Debt

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

| | Balance July 1, 2018 | Additions | (Reductions) | Balance June 30, 2019 | Due in one Year |
|---------------------------------|-------------------------------------|------------------|---------------------|--------------------------------------|----------------------------|
| Governmental Activities: | | | | | |
| General obligation bonds | \$ 11,159,815 | - | (744,486) | 10,415,329 | 773,152 |
| Capital leases | 52,711 | 114,870 | (49,844) | 117,737 | 48,220 |
| Compensated absences | 124,383 | - | (26,396) | 97,987 | - |
| Net pension liability | 19,910,451 | - | (9,957,775) | 9,952,676 | - |
| Net OPEB Liability | 454,393 | 42,690 | - | 497,083 | - |
| Total | 31,701,753 | 157,560 | (10,778,501) | 21,080,812 | 821,372 |

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

8. Defeased Debt

At various dates in prior years, the District placed proceeds from refunding bond issues and District cash contributions in irrevocable refunding escrow accounts. These monies, which are invested in U.S. Treasury obligations, together with interest earned thereon, are considered sufficient for payment of all principal and interest on refunded bonds on each remaining payment date. The likelihood of the earnings and principal maturities of the U.S. Treasury obligations not being sufficient to pay the refunded bond issue appears remote. Accordingly, the escrow account and refunded bond are not included in the District's financial statements. The District has not calculated the amount of defeased debt at June 30, 2019.

9. Trust Agreement

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

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

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

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

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

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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.

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

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

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$623,731 for the year ended June 30, 2019.

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At June 30, 2019, the District reported a liability of \$9,952,676 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

| | |
|--------------------------------------------------------------------------------------------------------------------------------|--------------------|
| District's proportionate share of the net pension liability | \$8,755,485 |
| The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District | 1,197,191 |
| Total | \$9,952,676 |

At December 31, 2018, the District's proportionate share was 0.0562%, as compared to its proportionate share of 0.0616% at December 31, 2017.

Pension Expense: For the year ended June 30, 2019, the District recognized pension expense of (\$937,033) and revenue of \$80,828 for support from the State as a nonemployer contributing entity.

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|----------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Difference between expected and actual experience | 337,605 | - |
| Changes of assumptions or other inputs | 1,857,710 | 6,189,492 |
| Net difference between projected and actual earnings on pension plan investments | 542,483 | - |
| Changes in proportionate share of contributions | 164,414 | 968,578 |
| Difference between actual and reported contributions recognized | 496 | - |
| Contributions subsequent to the measurement date | 325,385 | - |
| Total | \$ 3,228,093 | \$ 7,158,070 |

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Contributions subsequent to the measurement date of December 31, 2018, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability calculated at the December 31, 2019 measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended | Amortization |
|-------------------|-----------------------|
| <u>June 30,</u> | <u></u> |
| 2020 | (651,811) |
| 2021 | (2,319,907) |
| 2022 | (1,580,393) |
| 2023 | 296,749 |
| | <u>\$ (4,255,362)</u> |

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

| | |
|---------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| Actuarial cost method | Entry age |
| Price inflation | 2.40 percent |
| Real wage growth | 1.10 percent |
| Wage inflation | 3.50 percent |
| Salary increases, including wage inflation | 3.50 - 9.70 percent |
| Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation | 7.25 percent |
| Discount rate | 4.78 percent |
| Post-retirement benefit increases: | |
| PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic) | 2.00 percent |
| PERA Benefit Structure hired prior to 12/3/06; (ad hoc, substantively automatic) | Financed by the Annual Increase Reserve |

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

| | |
|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Discount rate | 7.25 percent |
| Post-retirement benefit increases: | |
| PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic) | 0.00 percent through 2019 and 1.50 percent compounded annually, thereafter |
| PERA Benefit Structure hired prior after 12/31/06 (ad hoc, substantively automatic) | Financed by the Annual Increase Reserve |

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

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

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

For disabled retirees, the mortality assumption was changed to reflect 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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

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

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

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

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

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

G. 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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

G. 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%) |
|----------------------------------------------|------------------------|----------------------------------|------------------------|
| Collective net pension liability | \$ 22,511,490,000 | \$ 17,707,054,000 | \$ 13,675,622,000 |
| Proportionate share of net pension liability | \$ 12,653,123 | \$ 9,952,676 | \$ 7,686,711 |

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

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

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources

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

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

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

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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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

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

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

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 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. For the year ended June 30, 2019, the District's contributions to HCTF were approximately \$33,258.

Liabilities. At June 30, 2019, the District reported a liability of \$497,083 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 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 proportion was 0.0365% as compared to its proportion of 0.0350% measured as of December 31, 2017.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the District recognized other post-employment benefit expense of \$13,371. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Difference between expenses and actual experience | 1,804 | 757 |
| Change of assumptions or other inputs | 3,487 | - |
| Net difference between projected and actual earnings on plan investments | 2,859 | - |
| Changes in proportionate share of contributions | 27,521 | - |
| Contributions subsequent to measurement date | 17,349 | - |
| | 53,020 | 757 |

Contributions subsequent to the measurement date of December 31, 2018, which are reported as deferred outflows of resources related to other post-employment benefits, will be recognized as a reduction of the net other post-employment benefits liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB related expense as follows:

| Year Ended June 30, | Amortization |
|--------------------------------|---------------------|
| 2020 | 7,135 |
| 2021 | 7,135 |
| 2022 | 7,136 |
| 2023 | 9,347 |
| 2021 | 4,003 |
| 2025 | 158 |
| | 34,914 |

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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

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

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

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

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

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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

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

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

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

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

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

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

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (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:

- 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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

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

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%.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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

| | <u>1% Decrease in Trend Rates</u> | <u>Current Trend Rates</u> | <u>1% Increase in Trend Rates</u> |
|-------------------------------------------|---------------------------------------|--------------------------------|---------------------------------------|
| PERA Care Medicare Trend Rate | 4.00% | 5.00% | 6.00% |
| Initial Medicare Part A Trend Rate | 2.00% | 3.00% | 4.00% |
| Ultimate Medicare Part A Trend | 3.25% | 4.25% | 5.25% |
| Collective Net OPEB Liability | 1,322,972,000 | 1,360,542,000 | 1,403,754,000 |
| Proportionate Share of Net OPEB Liability | 483,357 | 497,083 | 512,871 |

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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:

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|-------------------------------------------|--------------------------------|------------------------------------------|--------------------------------|
| Collective Net OPEB Liability | 1,522,328,000 | 1,360,542,000 | 1,222,230,000 |
| Proportionate Share of Net OPEB Liability | 2,091,290 | 1,869,037 | 1,679,032 |

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

I. Fund Balance Disclosure

The District classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts inherently non-spendable since they represent inventories, prepaid items, long-term portions of loans receivable, etc.

Spendable Fund Balance:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. At June 30, 2019, the District reported \$232,250 of restricted equity for emergencies as required by TABOR and \$3,253,562 has been restricted for the payment of general obligation debt.

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

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

I. Fund Balance Disclosure (continued)

Spendable Fund Balance (continued):

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

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit this, such as grant agreements that require dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts when expenditures are made. The District does not have an adopted minimum fund balance policy; however, the District's budget includes calculations of targeted reserve positions, which is reported annually to the School Board of the District.

V. Other Information

A. Defined Contribution Pension Plan

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

Funding Policy. Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. There were no 401(k) Plan member contributions from the District for the year ended June 30, 2019, 2018 and 2017.

B. 403(b) Defined Contribution Pension Plan

Plan Description. The District offers participation in an independent 403(b) retirement savings plan. All employees are eligible except student teachers. Contribution limits are set by the IRS. The District contracts with AXA Equitable Life Insurance Company as Plan Administrator. The District makes minimal contributions to the plan for a limited segment of grandfathered employees.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

V. Other Information (continued)

D. Contingencies

1. General Legal Matters

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

2. Federal Programs

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

3. State Programs

The District receives payment for State equalization, State transportation and various other State revenues to fund programs. These grants and programs are subject to audit and may result in the District either refunding amounts due for overpayment or receiving additional revenue for underpayment by the State. Management does not feel that any potential adjustments would be material and that they would affect the fairness of presentation of the financial statements at June 30, 2019.

E. Jointly Governed Organization - BOCES

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

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

V. Other Information (continued)

E. Jointly Governed Organization – BOCES (continued)

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

| | |
|--------------------------|-----------------------|
| Assets | \$ 5,273,312 |
| Liabilities | <u>(10,481,574)</u> |
| Net Position | <u>\$ (5,208,262)</u> |
| | |
| Expenses | \$ (3,953,403) |
| Program Revenues | 2,171,943 |
| General Revenues | <u>1,718,579</u> |
| Change in Net Position | <u>(62,881)</u> |
| | |
| Net Position - Beginning | (4,989,817) |
| Prior period restatement | <u>(155,564)</u> |
| Net Position - Beginning | <u>(5,145,381)</u> |
| Net Position - Ending | <u>\$ (5,208,262)</u> |

For the years ended June 30, 2019 and 2018, the District made operating contributions of \$96,295 and \$75,373, respectively, to BOCES.

F. Risk Management

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

Pupil Counts: Each year the District submits data regarding pupil counts to the Colorado Department of Education (CDE). The purpose of this data collection is to obtain required student level data as provided for by state statute(s), including information regarding students' funding eligibility as outlined in the Public School Finance Act of 1994 (22-54-101, C.R.S.).

The Student October Count is based on a one (1) day membership count in which districts are asked to report all students who are actively enrolled and attending classes through their district on that date. In an effort to ensure accurate reporting of those data fields associated with student funding, CDE conducts periodic compliance audits of each district's student October count data. This data not only determine per pupil funding, but also at risk and English Language Proficiency Act (ELPA) funding. CDE audits districts every one to four years, the frequency of which is determined by a number of factors including, but not limited to, the size and location of the district, as well as issues or concerns that might have arisen from prior audits.

The District believes its pupil count information is accurate and any adjustment would not be material.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2019
(Continued)

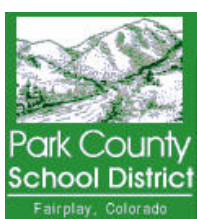
V. Other Information (continued)

G. Colorado Department of Education Financing – Interest Free Loan Program

The Colorado Department of Education allows school districts to borrow funds up to the next year's estimated property tax collections for the specific district to cover operating expenditures. The program was established to assist districts who receive the majority of their program funding through local property taxes. Most property tax revenues are not received by school districts until the last four months of the fiscal year resulting in a cash flow deficit. The loans are repaid to the State as property taxes are collected.

In the fiscal year 2019, the District did not obtain any financing from the State of Colorado in order to meet the District's obligations.

Park County School District RE-2
Required Supplementary Information



High Altitude, High Attitude, High Achievement

Park County School District RE-2
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended June 30, 2019
(With Comparative Actual Amounts For the Year Ended June 30, 2018)

| | 2019 | | 2018 | |
|--------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-------------------|----------------------------------------------------|-------------------|
| | Original and Final Budget | Actual Amounts | Final Budget Variance Positive (Negative) | Actual Amounts |
| REVENUES | | | | |
| Taxes: | | | | |
| Property taxes | 3,054,992 | 2,948,511 | (106,481) | 2,993,670 |
| Specific ownership taxes | 600,000 | 673,285 | 73,285 | 745,303 |
| State intergovernmental revenue | 2,156,011 | 2,070,130 | (85,881) | 2,272,871 |
| Federal intergovernmental revenue | 367,536 | 562,461 | 194,925 | 421,667 |
| Investment income | 42,006 | 138,643 | 96,637 | 67,125 |
| Other | 827,213 | 491,206 | (336,007) | 268,432 |
| Total revenues | <u>7,047,758</u> | <u>6,884,236</u> | <u>(163,522)</u> | <u>6,769,068</u> |
| EXPENDITURES | | | | |
| Direct instruction | 3,428,342 | 3,634,219 | (205,877) | 3,346,525 |
| Indirect instruction | 324,609 | 258,665 | 65,944 | 257,482 |
| Transportation | 204,542 | 189,458 | 15,084 | 208,112 |
| Custodial and maintenance | 1,252,426 | 656,329 | 596,097 | 542,717 |
| Support services | 476,618 | 498,198 | (21,580) | 326,093 |
| General administration | 844,610 | 888,162 | (43,552) | 770,435 |
| Community service | 998 | 495 | 503 | 950 |
| Capital outlay | - | 34,385 | (34,385) | - |
| Contingency | 178,986 | - | 178,986 | - |
| Total expenditures | <u>6,711,131</u> | <u>6,159,911</u> | <u>551,220</u> | <u>5,452,314</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>336,627</u> | <u>724,325</u> | <u>387,698</u> | <u>1,316,754</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in (out) | (130,500) | (813,965) | (683,465) | (241,166) |
| Total other financing sources (uses) | <u>(130,500)</u> | <u>(813,965)</u> | <u>(683,465)</u> | <u>(241,166)</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses) | <u>206,127</u> | <u>(89,640)</u> | <u>(295,767)</u> | <u>1,075,588</u> |
| Reconciliation to GAAP Basis: | | | | |
| Pension direct distribution - Special funding | | 80,828 | | - |
| Pension expense - Special funding | | (80,828) | | - |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses) - GAAP Basis | | <u>(89,640)</u> | | <u>1,075,588</u> |
| NET CHANGE IN FUND BALANCES | <u>206,127</u> | <u>(89,640)</u> | <u>(295,767)</u> | <u>1,075,588</u> |
| FUNDS BALANCES, BEGINNING | | <u>4,238,468</u> | | <u>3,162,880</u> |
| FUND BALANCES, ENDING | | <u>4,148,828</u> | | <u>4,238,468</u> |

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
Student Activity Fund
For the Year Ended June 30, 2019
(With Comparative Actual Amounts For the Year Ended June 30, 2018)

| | <u>2019</u> | | <u>Final Budget Variance Positive (Negative)</u> | <u>2018</u> |
|--------------------------------------------------------------|------------------------------------------|---------------------------|--------------------------------------------------------------|---------------------------|
| | <u>Original and Final Budget</u> | <u>Actual Amounts</u> | | <u>Actual Amounts</u> |
| REVENUES | | | | |
| Interest income | 30 | - | (30) | 36 |
| Other | 42,000 | 60,746 | 18,746 | 51,223 |
| Total revenues | <u>42,030</u> | <u>60,746</u> | <u>18,716</u> | <u>51,259</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Student activities | 50,500 | 69,736 | (19,236) | 48,374 |
| Total expenditures | <u>50,500</u> | <u>69,736</u> | <u>(19,236)</u> | <u>48,374</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(8,470)</u> | <u>(8,990)</u> | <u>(520)</u> | <u>2,885</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in (out) | 10,500 | 10,500 | - | 10,500 |
| Total other financing sources (uses) | <u>10,500</u> | <u>10,500</u> | <u>-</u> | <u>10,500</u> |
| NET CHANGE IN FUND BALANCES | <u>2,030</u> | 1,510 | <u>(520)</u> | 13,385 |
| FUND BALANCES, BEGINNING | | <u>17,020</u> | | <u>3,635</u> |
| FUND BALANCES, ENDING | | <u>18,530</u> | | <u>17,020</u> |

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures and Changes in Net
Position - Budget and Actual (GAAP Basis)
Food Service Fund
For the Year Ended June 30, 2019
(With Comparative Actual Amounts For the Year Ended June 30, 2018)

| | 2019 | | 2018 | |
|---------------------------------------|---------------------------------|-------------------|----------------------------------------------------|-------------------|
| | Original and Final Budget | Actual Amounts | Final Budget Variance Positive (Negative) | Actual Amounts |
| REVENUES | | | | |
| Food and Ala carte sales | 70,500 | 65,196 | (5,304) | 69,231 |
| Federal aid: | | | | |
| Federal government meal reimbursement | 95,000 | 70,703 | (24,297) | - |
| USDA Commodity contribution | (21,000) | 6,722 | 27,722 | 131,403 |
| State reimbursement | 6,000 | 4,100 | (1,900) | 5,499 |
| Transfers in | 121,529 | 138,550 | 17,021 | 110,666 |
| Interest income | 75 | 62 | (13) | 69 |
| Capital contributions | 500 | 27 | (473) | 13,766 |
| Total revenues | <u>272,604</u> | <u>285,360</u> | <u>12,756</u> | <u>330,634</u> |
| EXPENDITURES | | | | |
| Salaries and employee benefits | 127,241 | 138,552 | (11,311) | 153,407 |
| Purchased services | 1,000 | 1,239 | (239) | 2,372 |
| Supplies | 12,500 | 14,671 | (2,171) | 10,954 |
| Food costs: | | | | |
| Purchased food | 105,000 | 95,615 | 9,385 | 96,570 |
| Donated commodities | 5,000 | 6,722 | (1,722) | 10,878 |
| Property | 31,000 | 15,163 | 15,837 | 30,935 |
| Contingency | 70,863 | - | 70,863 | - |
| Total expenditures | <u>352,604</u> | <u>271,962</u> | <u>80,642</u> | <u>305,116</u> |
| CHANGE IN NET POSITION | <u>(80,000)</u> | 13,398 | <u>93,398</u> | 25,518 |
| NET POSITION, BEGINNING | | <u>191,539</u> | | <u>166,021</u> |
| NET POSITION, ENDING | | <u>204,937</u> | | <u>191,539</u> |

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

Park County School District RE-2
Schedule of Employer's Proportionate Share of the Net Pension Liability
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|----------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------|----------------------|---------------------|---------------------|---------------------|
| District's proportion of the net pension liability | 0.0562% | 0.0616% | 0.0594% | 0.0600% | 0.6250% | 0.0665% |
| District's proportionate share of the net pension liability | 8,755,485 | 19,910,452 | 17,696,463 | 9,180,472 | 8,466,029 | 8,481,733 |
| State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District | 1,197,191 | - | - | - | - | - |
| Total proportionate share of the net pension liability associated with the District | <u>\$ 9,952,676</u> | <u>\$ 19,910,452</u> | <u>\$ 17,696,463</u> | <u>\$ 9,180,472</u> | <u>\$ 8,466,029</u> | <u>\$ 8,481,733</u> |
| District's covered payroll | \$ 3,260,484 | \$ 2,994,620 | \$ 2,690,063 | \$ 2,628,535 | \$ 2,627,718 | \$ 2,619,679 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 268.5% | 664.9% | 657.8% | 349.26% | 322.18% | 323.77% |
| Plan fiduciary net position as a percentage of the total pension liability | 57.01% | 43.96% | 43.13% | 59.16% | 62.84% | 64.07% |

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

Park County School District RE-2
Schedule of District Contributions
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|----------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Contractually required contribution | \$ 591,121 | \$ 529,144 | \$ 483,637 | \$ 453,335 | \$ 429,942 | \$ 416,316 |
| Contributions in relation to the contractually required contribution | <u>\$ (591,121)</u> | <u>\$ (529,144)</u> | <u>\$ (483,637)</u> | <u>\$ (453,335)</u> | <u>\$ (429,942)</u> | <u>\$ (416,316)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 3,090,022 | \$ 2,838,546 | \$ 2,667,604 | \$ 2,615,896 | \$ 2,616,811 | \$ 2,680,727 |
| Contributions as a percentage of covered payroll | 19.13% | 18.64% | 18.13% | 17.33% | 16.43% | 15.53% |

* Information is only available beginning in fiscal year 2014.

Park County School District RE-2
Schedule of District's Proportionate Share of the Net OPEB Liability
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|----------------------------------------------------------------------------------------------------|-------------|-------------|-------------|
| District's proportion of the net OPEB liability | 0.0365% | 0.0350% | 0.0338% |
| District's proportionate share of the net OPEB liability | 497,083 | 454,393 | 438,024 |
| District's covered payroll | 3,260,484 | 2,994,620 | 2,690,063 |
| District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 15.2% | 15.2% | 16.3% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 17.03% | 17.53% | 16.72% |

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

The accompanying notes to RSI are an integral part of these statements.

Park County School District RE-2
Schedule of District OPEB Contributions
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|----------------------------------------------------------------------|-----------------|-----------------|-----------------|
| Contractually required contribution | 31,518 | 28,953 | 27,209 |
| Contributions in relation to the contractually required contribution | <u>(31,518)</u> | <u>(28,953)</u> | <u>(27,209)</u> |
| Contribution deficiency (excess) | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> |
| District's covered payroll | 3,090,022 | 2,838,546 | 2,667,604 |
| Contributions as a percentage of covered payroll | 1.02% | 1.02% | 1.02% |

* Information is only available beginning in fiscal year 2017.

The accompanying notes to RSI are an integral part of these statements.

Park County School District RE-2
Notes to Required Supplementary Information
June 30, 2019

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

A. Changes to assumptions or other inputs

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

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

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

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

3. Changes since the December 31, 2015 actuarial valuation:

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

Park County School District RE-2
Notes to Required Supplementary Information
June 30, 2019
(Continued)

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

A. Changes to assumptions or other inputs (continued)

4. Changes since the December 31, 2014 actuarial valuation

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

B. Changes of benefit terms

No changes during the years presented.

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

No changes during the years presented.

II. Notes to the Schedule of District Pension Contributions

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms

No changes during the years presented.

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

No changes during the years presented.

Park County School District RE-2
Notes to Required Supplementary Information
June 30, 2019
(Continued)

III. Schedule of the District's Proportionate Share of the OPEB Liability

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit term

No changes during the years presented.

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

No changes during the years presented.

IV. Notes to the Schedule of District OPEB Contributions

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms

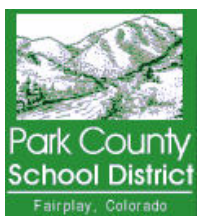
No changes during the years presented.

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

No changes during the years presented.

Park County School District RE-2

Supplementary Information



High Altitude, High Attitude, High Achievement

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
Bond Redemption Fund
For the Year Ended June 30, 2019
(With Comparative Actual Amounts For the Year Ended June 30, 2018)

| | <u>2019</u> | | | <u>2018</u> |
|------------------------------------|------------------------------------------|---------------------------|--------------------------------------------------------------|---------------------------|
| | <u>Original and Final Budget</u> | <u>Actual Amounts</u> | <u>Final Budget Variance Positive (Negative)</u> | <u>Actual Amounts</u> |
| REVENUES | | | | |
| Taxes: | | | | |
| Property taxes | 1,143,781 | 1,174,332 | 30,551 | 1,138,890 |
| Interest Income | - | 2,686 | 2,686 | 7,489 |
| Total revenues | <u>1,143,781</u> | <u>1,177,018</u> | <u>33,237</u> | <u>1,146,379</u> |
| EXPENDITURES | | | | |
| Debt service: | | | | |
| Principal | 1,160,912 | 744,486 | 416,426 | 716,883 |
| Interest | 418,430 | 415,557 | 2,873 | 443,692 |
| Fiscal charges | 5,000 | 5,899 | (899) | 6,618 |
| Contingency | 807,703 | - | 807,703 | - |
| Total expenditures | <u>2,392,045</u> | <u>1,165,942</u> | <u>1,226,103</u> | <u>1,167,193</u> |
| NET CHANGE IN FUND BALANCES | <u>(1,248,264)</u> | 11,076 | <u>1,259,340</u> | (20,814) |
| FUND BALANCES, BEGINNING | | <u>3,242,486</u> | | <u>3,263,300</u> |
| FUND BALANCES, ENDING | | <u>3,253,562</u> | | <u>3,242,486</u> |

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
Capital Reserve Fund
For the Year Ended June 30, 2019
(With Comparative Actual Amounts For the Year Ended June 30, 2018)

| | 2019 | | | 2018 |
|--------------------------------------------------------------|---------------------------------|-----------------------|----------------------------------------------------|-----------------------|
| | Original and Final Budget | Actual Amounts | Final Budget Variance Positive (Negative) | Actual Amounts |
| REVENUES | | | | |
| State income | - | 62,620 | 62,620 | - |
| Other local income | 5 | 165 | 160 | 2,392 |
| Total revenues | <u>5</u> | <u>62,785</u> | <u>62,780</u> | <u>2,392</u> |
| EXPENDITURES | | | | |
| Land Improvements | 1,800 | 1,800 | - | 1,800 |
| Equipment | 27,000 | 24,897 | 2,103 | 23,903 |
| Vehicles | - | 114,870 | (114,870) | - |
| Furniture and fixtures | 2,500 | - | 2,500 | - |
| Technology equipment | 25,000 | 52,435 | (27,435) | 7,274 |
| Other equipment and services | 5,000 | 3,140 | 1,860 | - |
| Principal retirement | 49,844 | 49,844 | - | 25,214 |
| Interest and fiscal charges | 4,156 | 2,679 | 1,477 | 2,330 |
| Contingency | 39,705 | - | 39,705 | - |
| Total expenditures | <u>155,005</u> | <u>249,665</u> | <u>(94,660)</u> | <u>60,521</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(155,000)</u> | <u>(186,880)</u> | <u>(31,880)</u> | <u>(58,129)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | - | - | - | 3,051 |
| Lease proceeds | - | 114,870 | 114,870 | - |
| Transfers in (out) | 120,000 | 664,915 | 544,915 | 120,000 |
| Total other financing sources (uses) | <u>120,000</u> | <u>779,785</u> | <u>659,785</u> | <u>123,051</u> |
| NET CHANGE IN FUND BALANCES | <u>(35,000)</u> | 592,905 | <u>627,905</u> | 64,922 |
| FUND BALANCES, BEGINNING | | <u>128,403</u> | | <u>63,481</u> |
| FUND BALANCES, ENDING | | <u><u>721,308</u></u> | | <u><u>128,403</u></u> |

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures, and Changes in Fiduciary
Assets and Liabilities - Budget and Actual (GAAP Basis)
Fiduciary Fund
Scholarship Fund
For the Year Ended June 30, 2019
(With Comparative Actual Amounts For the Year Ended June 30, 2018)

| | <u>2019</u> | | | <u>2018</u> |
|-------------------------------------------------------|------------------------------------------|---------------------------|--------------------------------------------------------------|---------------------------|
| | <u>Original and Final Budget</u> | <u>Actual Amounts</u> | <u>Final Budget Variance Positive (Negative)</u> | <u>Actual Amounts</u> |
| ADDITIONS | | | | |
| Programs | 59 | 115 | 56 | 66 |
| Total additions | <u>59</u> | <u>115</u> | <u>56</u> | <u>66</u> |
| DEDUCTIONS | | | | |
| Programs | 5,309 | - | 5,309 | - |
| Total deductions | <u>5,309</u> | <u>-</u> | <u>5,309</u> | <u>-</u> |
| CHANGE IN FIDUCIARY ASSETS AND LIABILITIES | <u>(5,250)</u> | 115 | <u>5,365</u> | 66 |
| DUE TO STUDENTS, BEGINNING | | <u>4,994</u> | | <u>4,928</u> |
| DUE TO STUDENTS, ENDING | | <u>5,109</u> | | <u>4,994</u> |

The accompanying notes are an part of these financial statements.

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures, and Changes in Fiduciary
Assets and Liabilities - Budget and Actual (GAAP Basis)
Fiduciary Fund
Student Activity Fund
For the Year Ended June 30, 2019
(With Comparative Actual Amounts For the Year Ended June 30, 2018)

| | <u>2019</u> | | | <u>2018</u> |
|-------------------------------------------------------|------------------------------------------|---------------------------|--------------------------------------------------------------------|---------------------------|
| | <u>Original and Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget- Positive (Negative)</u> | <u>Actual Amounts</u> |
| ADDITIONS | | | | |
| Programs | 155,000 | 89,266 | (65,734) | 107,806 |
| Total additions | <u>155,000</u> | <u>89,266</u> | <u>(65,734)</u> | <u>107,806</u> |
| DEDUCTIONS | | | | |
| Programs | 120,500 | 90,331 | 30,169 | 116,565 |
| Total deductions | <u>120,500</u> | <u>90,331</u> | <u>30,169</u> | <u>116,565</u> |
| CHANGE IN FIDUCIARY ASSETS AND LIABILITIES | <u>34,500</u> | (1,065) | <u>(35,565)</u> | (8,759) |
| DUE TO STUDENT ACTIVITIES, BEGINNING | | <u>111,890</u> | | <u>120,649</u> |
| DUE TO STUDENT ACTIVITIES, ENDING | | <u>110,825</u> | | <u>111,890</u> |

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Combined General Fund
Balance Sheet
June 30, 2019

| | <u>General Fund</u> | <u>Insurance Reserve Fund</u> | <u>Total</u> |
|------------------------------------------|-------------------------|-----------------------------------|------------------|
| ASSETS | | | |
| Assets: | | | |
| Cash and cash equivalents | 4,629,879 | 63,926 | 4,693,805 |
| Accounts, taxes, and interest receivable | 294,793 | - | 294,793 |
| Due from other governments | 83,608 | - | 83,608 |
| | <u>5,008,280</u> | <u>63,926</u> | <u>5,072,206</u> |
| Total assets | <u>5,008,280</u> | <u>63,926</u> | <u>5,072,206</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts and other current payables | 67,096 | - | 67,096 |
| Accrued compensation | 613,047 | - | 613,047 |
| Due to other funds | 243,235 | - | 243,235 |
| | <u>923,378</u> | <u>-</u> | <u>923,378</u> |
| Total liabilities | <u>923,378</u> | <u>-</u> | <u>923,378</u> |
| Fund balances: | | | |
| Reserved for: | | | |
| TABOR | 232,250 | - | 232,250 |
| Risk management | - | 63,926 | 63,926 |
| Unreserved | 3,852,652 | - | 3,852,652 |
| | <u>4,084,902</u> | <u>63,926</u> | <u>4,148,828</u> |
| Total fund balances | <u>4,084,902</u> | <u>63,926</u> | <u>4,148,828</u> |
| Total liabilities and fund balances | <u>5,008,280</u> | <u>63,926</u> | <u>5,072,206</u> |

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Combined General Fund
Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2019

| | <u>General Fund</u> | <u>Insurance Reserve Fund</u> | <u>Total</u> |
|--------------------------------------------------------------|-------------------------|-----------------------------------|-------------------------|
| REVENUES | | | |
| Taxes: | | | |
| Property taxes | 2,948,511 | - | 2,948,511 |
| Specific ownership taxes | 673,285 | - | 673,285 |
| State intergovernmental revenue | 2,070,130 | - | 2,070,130 |
| Federal intergovernmental revenue | 562,461 | - | 562,461 |
| Investment income | 138,614 | 29 | 138,643 |
| Other | 466,068 | 25,138 | 491,206 |
| Total revenues | <u>6,859,069</u> | <u>25,167</u> | <u>6,884,236</u> |
| EXPENDITURES | | | |
| Direct instruction | 3,634,219 | - | 3,634,219 |
| Indirect instruction | 258,665 | - | 258,665 |
| Transportation | 189,458 | - | 189,458 |
| Custodial and maintenance | 656,329 | - | 656,329 |
| Support services | 346,973 | 151,225 | 498,198 |
| General administration | 888,162 | - | 888,162 |
| Community service | 495 | - | 495 |
| Capital outlay | 34,385 | - | 34,385 |
| Total expenditures | <u>6,008,686</u> | <u>151,225</u> | <u>6,159,911</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>850,383</u> | <u>(126,058)</u> | <u>724,325</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in (out) | <u>(943,965)</u> | <u>130,000</u> | <u>(813,965)</u> |
| Total other financing sources (uses) | <u>(943,965)</u> | <u>130,000</u> | <u>(813,965)</u> |
| NET CHANGE IN FUND BALANCES | (93,582) | 3,942 | (89,640) |
| FUNDS BALANCES, BEGINNING | <u>4,178,484</u> | <u>59,984</u> | <u>4,238,468</u> |
| FUND BALANCES, ENDING | <u><u>4,084,902</u></u> | <u><u>63,926</u></u> | <u><u>4,148,828</u></u> |

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

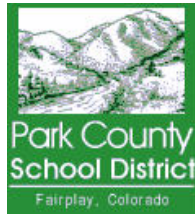
PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule
June 30, 2019 and 2018

| | 2019 | 2018 |
|-------------------------------------------|-------------|-------------|
| Governmental funds capital assets: | | |
| Buildings and improvements | 38,406,940 | 38,406,940 |
| Equipment | 215,786 | 215,786 |
| Vehicles | 1,008,076 | 893,206 |
| Construction in progress | 34,385 | - |
| Total governmental funds capital assets | 39,665,187 | 39,515,932 |

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

Park County School District RE-2

Statutory Information



High Altitude, High Attitude, High Achievement



Colorado Department of Education

Auditors Integrity Report

District: 2610 - Park County RE-2

Fiscal Year 2018-19

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

| Fund Type & Number | Beg Fund Balance & Prior Per Adj (6880*) | 1000 - 5999 Total Revenues & Other Sources | 0001-0999 Total Expenditures & Other Uses | 6700-6799 & Prior Per Adj (6880*) Ending Fund Balance |
|---------------------------------------------------------|------------------------------------------|--------------------------------------------|-------------------------------------------|-------------------------------------------------------|
| Governmental | + | | - | = |
| 10 General Fund | 4,178,484 | 5,915,104 | 6,008,686 | 4,084,902 |
| 18 Risk Mgmt Sub-Fund of General Fund | 59,984 | 155,167 | 151,226 | 63,926 |
| 19 Colorado Preschool Program Fund | 0 | 0 | 0 | 0 |
| Sub- Total | 4,238,468 | 6,070,271 | 6,159,912 | 4,148,828 |
| 11 Charter School Fund | 692,078 | 2,039,494 | 1,820,139 | 911,433 |
| 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 | 191,538 | 285,360 | 271,961 | 204,937 |
| 22 Govt Designated-Purpose Grants Fund | 0 | 0 | 0 | 0 |
| 23 Pupil Activity Special Revenue Fund | 17,020 | 71,246 | 69,736 | 18,530 |
| 24 Full Day Kindergarten Mill Levy Override | 0 | 0 | 0 | 0 |
| 25 Transportation Fund | 0 | 0 | 0 | 0 |
| 31 Bond Redemption Fund | 3,242,485 | 1,177,018 | 1,165,941 | 3,253,562 |
| 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 | 128,403 | 842,570 | 249,665 | 721,308 |
| 46 Supplemental Cap Const, Tech, Main Fund | 0 | 0 | 0 | 0 |
| Totals | 8,509,993 | 10,485,959 | 9,737,354 | 9,258,597 |
| Proprietary | | | | |
| 50 Other Enterprise Funds | 0 | 0 | 0 | 0 |
| 64 (63) Risk-Related Activity Fund | 0 | 0 | 0 | 0 |
| 60,65-69 Other Internal Service Funds | 0 | 0 | 0 | 0 |
| Totals | 0 | 0 | 0 | 0 |
| Fiduciary | | | | |
| 70 Other Trust and Agency Funds | 0 | 0 | 0 | 0 |
| 72 Private Purpose Trust Fund | 4,995 | 115 | 0 | 5,109 |
| 73 Agency Fund | 0 | 0 | 0 | 0 |
| 74 Pupil Activity Agency Fund | 111,890 | 89,266 | 90,331 | 110,825 |
| 79 GASB 34:Permanent Fund | 0 | 0 | 0 | 0 |
| 85 Foundations | 0 | 0 | 0 | 0 |
| Totals | 116,885 | 89,381 | 90,331 | 115,935 |

FINAL