

**Summit School District RE-1
Frisco, Colorado**

**Comprehensive Annual
Financial Report
June 30, 2019**



Summit School District
Comprehensive Annual Financial Report
For Fiscal Year Ending June 30, 2019

Prepared By Kara Drake
Director of Business Services

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Comprehensive Annual Financial Report
June 30, 2019**

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Summit School District RE-1

Introductory Section



**BOARD OF EDUCATION**

Dr. Bonnie Ward, President
Ms. Kate Hudnut, Vice President
Ms. Tracey Carisch, Treasurer
Ms. Gini Bradley, Secretary
Mr. Chris Alleman, Director
Ms. Gloria Quintero, Director
Ms. Consuelo Redhorse, Director

Ms. Kerry Buhler, Superintendent

November 30, 2019

Board of Education and Residents
Summit School District
Frisco, Colorado 80443

Colorado Revised Statute 29-1-603 requires that all school districts publish within five months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Summit School District for the fiscal year ended June 30, 2019.

This report consists of management's representations concerning the finances of Summit School District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Summit School District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Summit School District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Summit School District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by McMahan and Associates, L.L.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Summit School District for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Summit School District's financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Single Audit – The independent audit of the financial statements of Summit School District was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The results of the District's single audit for the fiscal year ended June 30, 2019 provided no

instances of material weaknesses or reportable conditions in internal control or material violations of applicable laws, regulation, contracts or grants.

Budgeting Controls – In addition, the District maintains numerous budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget adopted by the Board of Education. A quarterly financial report is prepared and presented to the Board of Education on a regular basis. Activities of all funds are included in this report. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by fund.

The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end and are generally re-established in the following year as an obligation against that year’s appropriated budget.

Accounting Policies – Detailed descriptions of the District’s accounting policies are contained in the Notes to the Basic Financial Statements in section D, and they are an integral part of this report. These policies describe the basis of accounting, fund and accounts used, valuation policies for inventories and investments and other significant accounting information.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Summit School District’s MD&A can be found immediately following the report of the independent auditors.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Profile of the District

Summit School District was formed in 1958 by a state-wide reorganization of school districts. This reorganization combined six (6) small school districts in Summit County into one district. The District covers approximately 516 square miles in the central Colorado Rocky Mountains. Summit School District is empowered to levy a property tax on both real and personal properties located within its boundaries.

The District operates under an elected Board of Education with seven members. Policy-making and legislative authority are vested in the Board of Education. The Board is responsible, among other things, for adopting policies, appointing committees, adopting the budget, and hiring the Superintendent. The Superintendent is responsible for carrying out the policies and regulations of the Board, for overseeing the day-to-day operations of the district, and for hiring principals and administrators. The Board is elected on a non-partisan basis at large. Board members serve four-year staggered terms, with four or three Board members elected every two years.

The District provides a full range of educational programs and services authorized by Colorado State Statute to approximately 3,500 students. This includes basic PK-12 education in elementary, middle and high schools, special education for handicapped students, English language acquisition, preschool and numerous other programs. The District has no component governmental entities for which it is financially accountable. Therefore, the financial statements include only the District and no other entities.

The annual budget serves as the foundation for Summit School District’s financial planning and control. The Board of Education begins the budget cycle annually in December by reviewing several five-year projections to evaluate the overall financial health of the district. Based upon this review and current financial policies, the

Board establishes the facts and assumptions that will be used in the development of the annual budget. The Administrative Team of the district, which consists of all building principals and district office administrators, discusses and reviews the Board direction. This input is then provided to the Board who finalizes their budget guidelines. The Business Services department then converts these guidelines into broad allocations to each school and department. The school or department determines their staffing and budgets to meet the needs of their customers and input for their respective communities within their allocations. The Business Services department then collects this budget detail and compiles the proposed budget. In May, the Superintendent presents this proposed budget to the Board for review. The Board is required to hold public hearings on the budget and to adopt a final budget by no later than June 30, the close of Summit School District's fiscal year. The appropriated budget is prepared by fund, program and department. Principals and department heads may make transfers of appropriations within a department. Transfers of appropriations between funds, however, require the approval of the Board of Education. Budget-to-actual comparisons are provided in this report for every fund. For all funds, this comparison is presented in the supplemental information section of this report, in Sections E and F.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Summit School District operates. The two factors that determine the level of funding for any year for a Colorado school district is the Colorado School Finance Act and individual district enrollment.

The Colorado School Finance Act was developed in 1988 to bring equity to funding of school districts throughout the State. In 1994, the Act was amended. The Act currently determines the amount of per pupil funding for each district in the state based upon four district factors: base, size, at-risk and cost of living. These factors determine a per pupil dollar amount that is then multiplied by the number of students enrolled on October 1 of the current year. Although the Colorado School Finance Act was implemented with the best intentions, tight state revenues have resulted in the Act, and therefore schools, being under funded for over twenty years.

In November 2000, the voters of Colorado passed a statewide ballot issue to amend the State Constitution, Amendment 23. This amendment requires that the state fund public education at a minimum of growth plus inflation plus one percent for the next ten years beginning with fiscal 2001-02 and thereafter at growth plus inflation. However, due to the state of the economy, the State of Colorado has had to reduce funding to PK-12 education, by enacting a new factor, the Budget Stabilization Factor, that empowers the legislature to override the aforementioned factors, and dictate how much the State will fund Colorado K-12 education.

Enrollment is the second key factor to financing a school district. Summit School District's enrollment is projected to slightly decrease over the next several years. The District enrollment decreased 0.2% in 2018-19. The 2019-20 budget has been prepared forecasting a decreased enrollment of 24 students, or just under 1%, for the next fiscal year.

Major Initiatives

Developing caring learners is the single goal of the District. Every Summit School District student will develop as a caring learner by demonstrating at least a year's growth in academic achievement and by showing an increase in behaviors associated with positive character development. This growth will be measured by a body of evidence in an end-of-year review.

Strategic Plan: We believe in planning the work and then working the plan. School board members and district leaders worked with parents, students, staff and community members to guide the development of a new strategic plan. The community conversations focused energy and ideas on common goals and priorities. From this work, Summit School District developed VISION2020 – a five year effort to elevate student achievement through innovative learning models and programs.

Mission Statement: In a safe environment, we will do whatever it takes for the academic and character success of every student to develop as a lifelong learner and responsible citizen. In order to accomplish this, we will engage every student every day in intellectually challenging and meaningful learning to give all students the resources necessary to prepare them to achieve their greatest potential and to meet the expectations of the future.

Champion Student Success: Summit School District will be ranked in the top 5% of school districts in Colorado for academic performance.

Empower Student – Centered Learning: Summit School District will deliver student-centered instruction in every classroom, every day and provide International Baccalaureate (IB) inquiry-based, real-world, curriculum and experiences that prepare students for the jobs of the future.

Develop Caring Learners: Summit School District will support the social-emotional and physical well-being of every student through positive relationships, safe environments and inclusive student climates.

Staff-Shared Commitments:

We work together in an atmosphere of trust, integrity and mutual respect to provide state-of-the-art education.

We provide educators with the training and tools necessary to teach all students to their fullest potential.

We are committed to rigorous, relevant and well-researched curriculum which is continuously reviewed.

We implement the International Baccalaureate (IB) Frameworks, Units of Study and Learner Profile attributes in every classroom.

We utilize 21st century tools in a culturally inclusive environment to meet the needs of each student.

We are committed to providing the resources, facilities, communications and systems necessary to attain these goals.

Professional Learning Time: In 2006-07, the District created an opportunity of nearly two hours a week for teacher professional learning by adjusting the weekly school schedule to release students early on Monday afternoons and lengthen the days on Tuesday through Friday. This change resulted in no loss of learning time for students. This weekly time for teacher collaboration has allowed our teachers the opportunity to work together on a consistent basis to get very clear on course curriculum and expectations for student learning, to develop consistent assessments of this learning, to focus on character education and bullying prevention strategies and, to share and learn strategies for students whose behavior and/or achievement data indicate that they either need more help or need more enrichment in their classes in order to be more successful in school. This time has been very productive and will be continued into future school years.

District Wide International Baccalaureate (IB): The District continues on its vision to be one of only a handful of Districts that is a District Wide International Baccalaureate school system.

Full Day Kindergarten: In November 2007, the voters of Summit School District passed a mill levy to provide funding for full day kindergarten. In 2018-19, the State of Colorado provided half-day kindergarten funding through the Colorado School Finance Act. This mill levy provides a full day kindergarten program to the student for any family wishing to enroll. As research has illustrated, this early learning can be a key factor in future success of the student.

Fiscal Responsibility: The Board of Education has put into practice strong financial policies and practices which has resulted in the Summit School District being in sound financial condition. These financial policies include:

- A balanced budget
 - Expenses are adjusted to annual revenues
- Unrestricted fund balance for unforeseen events
 - Goal of 7% of General Fund expenses or 17 days
- Annual independent audit
- Quarterly financial reports
- Financial information posted on web site for fiscal transparency

Budget Planning: With the uptick in the economy and state revenues improving, it is projected that the State's budget will be stronger for 2019-20. As the District's total operating revenues are controlled by the State through the Colorado School Finance Act, the Budget Stabilization Factor will continue to have a significant impact on Summit School District.

ACKNOWLEDGEMENTS

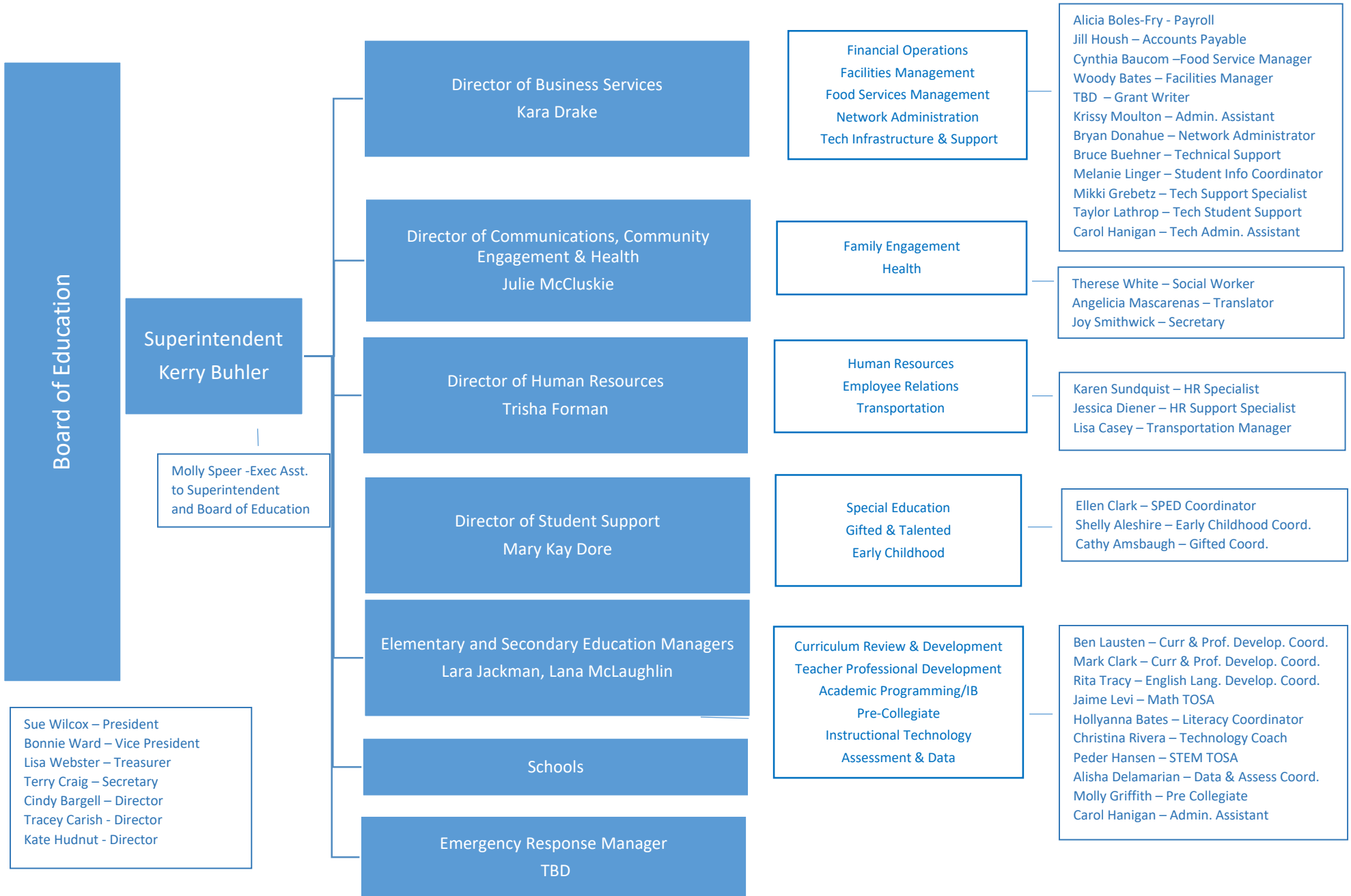
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Business Services department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Superintendent and Board of Education for their unfailing support for maintaining the highest standards of professionalism in the management of Summit School District's finances.

Respectfully submitted,



Kara Drake
Chief Financial Officer

SUMMIT SCHOOL DISTRICT 2018-19 ORGANIZATIONAL CHART



SUMMIT SCHOOL DISTRICT
Summit County, Colorado

PRINCIPAL OFFICIALS

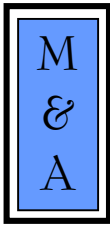
Board of Education

Sue Wilcox.....President
Dr.Bonnie Ward Vice President
Terry CraigSecretary
Lisa Webster Treasurer
Cindy Bargell Director
Tracey Carisch Director
Kate Hudnut Director

District Administration

Kerry Buhler Superintendent
Kara Drake Director of Business Services
Mary Kay DoreDirector of Student Support Services
Bethany Massey..... Director of Assessment and Instructional Technology
Trisha Theelke-FormanDirector of Human Resources
Julie McCluskieDirector of Communications and Community Engagement

Summit School District is an equal opportunity education institution and does not unlawfully discriminate on the basis of race, color, national origin, age, sex, sexual orientation or disability in admission or access to, or treatment, or employment in, its education programs or activities and provides equal access to the Boy Scouts and other designated youth groups. Inquiries concerning non-discrimination policies may be referred to the Summit School District Attn: Superintendent, P.O. Box 7, Frisco, CO 80443, (970) 368-1000.



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Education
Summit School District RE-1
Frisco, Colorado**

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Summit School District RE-1, (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this include 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 includes 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 assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considered internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also include evaluation of the appropriateness of accounting policies used and the reasonableness of significant account estimates made by management, as well as evaluating the overall financial statement presentation.

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

Member: American Institute of Certified Public Accountants

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DANIEL R. CUDAHY, CPA, CGMA

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**INDEPENDENT AUDITOR'S OPINION
To the Board of Education
Summit School District RE-1**

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Summit School District RE-1, as of June 30, 2019, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B, the Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of District Pension Contributions, Schedule of District's Proportionate Share of the Other Post-Employment Benefits Liabilities, Schedule of District's Other Post-Employment Benefit Contributions, and the Notes to the Required Supplemental Information 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules in Section E are not a required part of the District's basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken 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 introductory section, combining fund financial statements, individual budgetary schedules, the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures and the statistical section 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.

INDEPENDENT AUDITOR'S OPINION
To the Board of Education
Summit School District RE-1

Other Matters (continued)

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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express do not express an opinion or provide any assurance on them.

Additionally, the Schedule of Expenditures of Federal Awards included in the Single Audit section is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and is not a required part of the District's 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 account and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contract, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control over financial reporting and on compliance.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
December 13, 2019

Summit School District RE-1

Management's Discussion and Analysis



**Summit School District
Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2019**

As management of Summit School District (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. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-viii of this report.

Financial Highlights

- ❖ The liabilities of the District exceeded its assets at the close of the most recent fiscal year by \$10,625,505. Of this amount, \$11,259,848 is restricted in its use to meet the District's ongoing obligations to students and creditors.
- ❖ The District's total net position increased by \$8,854,000.
- ❖ As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$31,581,093, a decrease of \$27,987,453 in comparison with the prior year. \$11,281,366 is available for spending at the District's discretion.
- ❖ At the end of the current fiscal year, unassigned fund balance for the general fund was \$11,281,366 or 29.5% percent of total general fund expenditures.
- ❖ The District's general obligation debt decreased to a balance of \$84,705,000. As of June 30, 2019, the district has three outstanding general obligation bonds from 2004B, 2012 and 2017.

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) district-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.

District-wide Financial Statements: The district-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 a private-sector business.

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).

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities).

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

The district-wide financial statement includes only the Summit School District and no other entities. The district-wide financial statements can be found on pages C1-C2 of this report.

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 three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-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 district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Summit School District maintains nine individual governmental funds. Information is presented in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The five major funds, general fund, grant fund, debt service fund, building fund and capital reserve fund are presented separately and the food service fund, kindergarten fund, transportation fund and supplemental capital construction and technology fund are presented as one total.

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

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

Proprietary Funds: The District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses an internal service fund to account for its employee health and dental benefits. Because this service predominately benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary Funds provide the same type of information as the district-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages C7-C9 of this report.

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 district-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 fund used by the District accounts 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 C10 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 district-wide and fund financial statements. The notes to the financial statements can be found in Section D of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. Immediately following the notes are the statements reporting the District's annual appropriated budgets. These budget reports can be found on pages E1-F12.

District-wide Financial Analysis:

As noted earlier, net position may serve over time as a useful indicator of a district's financial position. For the year ended June 30, 2019, the District's total net position was \$(10,625,505), which included the District's net pension and OPEB liability of \$84,084,271. This net liability is the District's proportionate share of the School Division Trust Fund pension and other post-employment benefits liability, administered by the Public Employees' Retirement Association of Colorado. This was determined by an actual valuation as of December 31, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2018.

Summit School District - Summary of Net Position:

	Governmental Activities	
	FY 2019	FY 2018
Assets:		
Current and other assets	\$ 42,214,323	\$ 74,753,599
Capital assets	168,833,579	147,064,523
Total Assets	<u>\$ 211,047,902</u>	<u>\$ 221,818,122</u>
Deferred Outflows	<u>\$ 26,047,285</u>	<u>\$ 50,534,298</u>
Liabilities:		
Other liabilities	\$ 13,706,490	\$ 13,574,450
Long-term liabilities	172,644,967	271,360,210
Total Liabilities	<u>\$ 186,351,457</u>	<u>\$ 284,934,660</u>
Deferred Inflows	<u>\$ 61,369,235</u>	<u>\$ 6,897,265</u>
Net Position		
Net investment		
in capital assets	82,589,481	90,352,476
Restricted	11,259,848	11,920,347
Unrestricted	(104,474,834)	(121,752,328)
Total Net Position	<u>\$ (10,625,505)</u>	<u>\$ (19,479,505)</u>

Of the District's total net position, \$82,589,481 is invested in capital assets (e.g. land, buildings and equipment). The district uses these capital assets to provide services to its students and the community; consequently, these assets are not available for further spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from property taxes, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position, \$11,259,848, represents resources that are subject to restrictions on how they may be used. The District's June 30, 2019 unrestricted net position (\$104,474,834) is a result of reporting the net pension and OPEB obligation of \$84,084,271.

Summit School District - Statement of Activities:

	Governmental Activities	
	FY 2019	FY 2018
Revenues:		
<i>Program revenues</i>		
Charges for services	\$ 1,248,016	\$ 1,173,558
Operating grants and contributions	4,351,476	2,866,329
<i>General revenues</i>		
Property taxes	38,381,181	38,191,958
Specific ownership taxes	2,211,655	2,236,696
State revenue	9,685,376	7,342,132
Grants and contributions	1,068,667	968,889
Investment earnings	875,059	1,205,270
Other	22,087	-
Total revenues	<u>57,843,517</u>	<u>53,984,832</u>
Expenditures:		
Direct Instruction	26,456,861	44,942,334
Indirect Instruction	6,183,136	10,050,337
Transportation	1,673,917	2,695,616
Custodial maintenance	4,728,831	5,957,536
Support services	2,396,478	3,373,832
General administration	3,055,948	5,727,440
Food Service	1,471,318	2,118,811
Interest	3,020,278	3,243,610
Total Expenses	<u>48,989,517</u>	<u>78,109,516</u>
Change in net position	8,854,000	(24,124,684)
Net position- July 1	(19,479,505)	4,645,179
Net position - June 30	<u>\$ (10,625,505)</u>	<u>\$ (19,479,505)</u>

Most school districts operating revenues comes from the School Finance Act of 1994 (“SFA”). Under this act, the District received \$8,430.88 per funded pupil in fiscal year ended June 30, 2019, and the funded pupil count was 3,397.5. SFA funding comes from general fund property taxes, specific ownership taxes, and state equalization. The District received 75% of SFA funding from property taxes and specific ownership tax and 25% from the state.

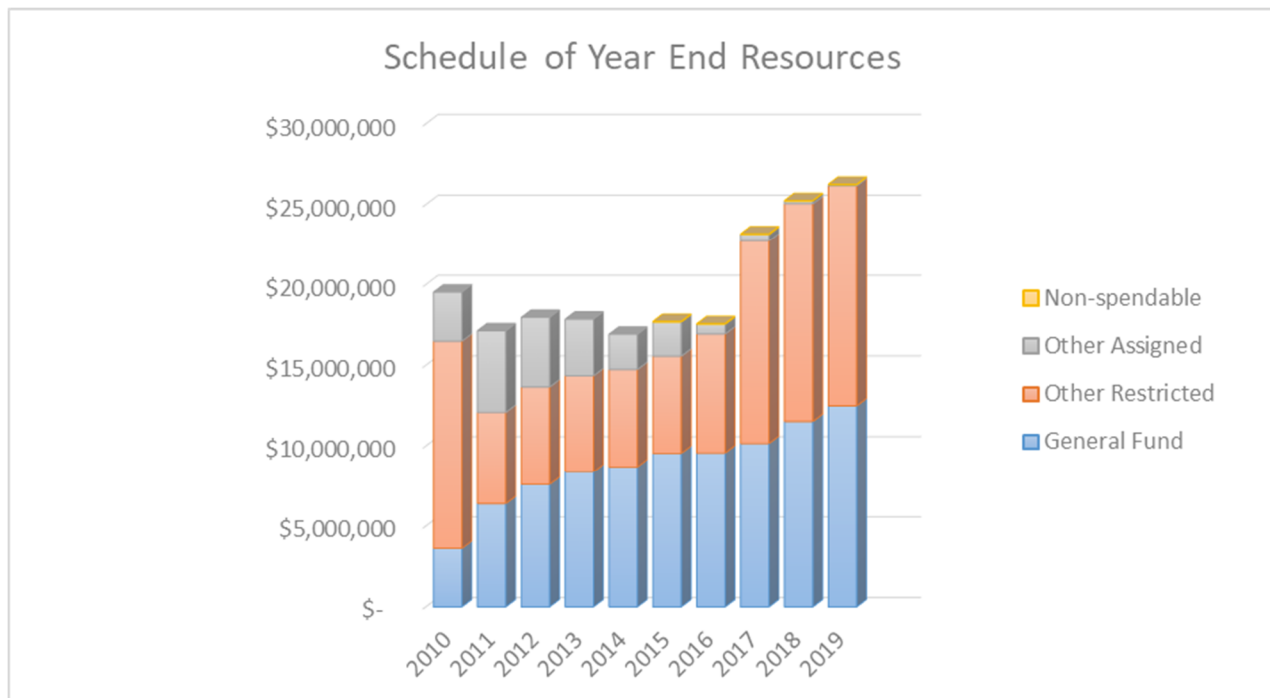
Financial Analysis of the District's Funds

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 \$31,581,093 a decrease of \$27,987,453 from the prior year ending fund balances. This decrease is primarily the result of spending the Bond funding passed by voters in November 2016. A total of \$5,418,762 is assigned for building projects over the next year. A total of \$11,218,366 is available for spending at the District's discretion. The general fund accounts for \$12,470,585 of the total fund balance.

The following graph provides a view of the District's ending fund balances, not including the building fund, for the last eight fiscal years:



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 vs. actual revenues and expenditures in the general fund. Actual revenues were favorable to the final budget by \$530,037. Actual expenditures, excluding contingency, were \$121,119 less than budgeted and other financing sources were \$295,657 less than budgeted. The final budget adopted in June 2019, had not planned to change the balance in reserves, however, due to increased revenue and savings in expenditures, the actual result was an increase in the ending fund balance of the general fund of \$967,984.

The District has prepared a budget that uses \$3,327,282 in fund balance for the next fiscal year. The spend down of reserves is on one-time expenditures, so this budget meets the Board of Education goal of having on-going revenues provide for on-going expenditures. This budget includes being fiscally conservative by projecting a small change in enrollment.

Capital Assets: The District's capital assets, net of accumulated depreciation, totaled \$168,833,579 as of June 30, 2019. The District capitalizes assets, including land, buildings and improvements, equipment, and construction in progress, with an original cost greater than \$5,000 and useful life of more than two years. The District is nearing completion of the additions to the Middle and High School and deficiency projects in all buildings that were funded by a November 2016 Bond election. The district has \$986,796 in construction commitments as of June 30, 2019.

Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statement on page D15 of this report.

Long-Term Debt: As of the end of the current fiscal year, the District's long-term liabilities totaled \$178,149,967, representing a net decrease of \$93,393,848. This decrease in long-term debt is primarily due to a decrease in the District's net pension liability for PERA.

Colorado School law limits the amount of bonded indebtedness to the greater of 20% of the most current valuation for assessment of the taxable property in the District as certified by the County Assessor's Office, or 6% of the most recent actual valuation of the taxable property in the District, as certified by the County Assessor's Office. The District's legal bonded debt limit as of June 30, 2019 is \$376,695,086.

Additional information, as well as a detailed classification of the District's total long-term liabilities, can be found in the Notes to the Financial Statements on pages D16 – D24 of this report.

Economic Factors

The Public School Finance Act of 1994 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

School District Finance Act is also significantly affected by Amendment 23, which was approved by the voters in November, 2000. This state constitutional amendment requires that statewide base per pupil funding and state categorical program funding increase by inflation plus one percent for ten years beginning with the fiscal year ended June 30, 2002. After that ten-year window has expired, the state must increase funding at the rate of inflation. This funding calculation attempts to align Colorado districts to inflation-adjusted funding levels of 1988. The formula will also increase the District's reliance upon the state and decrease the District's reliance upon local funding over time. However, due to the decline in the national and state economy, the State of Colorado has not fully funded Amendment 23 levels for the 2018-19 school year, and has not since the 2009-2010 school year.

Next Year's Budget and Rates: The District's General Fund balance at the end of fiscal year 2019 totaled \$12,470,585. The fiscal year 2020 budget anticipates to spend this balance down by \$3,327,282.

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 the Summit School District, Chief Financial Officer, PO Box 7, Frisco, Colorado 80443.

Summit School District RE-1

Financial Section



Summit School District RE-1

District-Wide Financial Statements



SUMMIT SCHOOL DISTRICT
Statement of Net Position
June 30, 2019

	Governmental Activities
Assets:	
Current Assets:	
Cash and investments	\$ 39,148,415
Accounts receivable	849,394
Taxes receivable	1,217,966
Due from other governments	515,066
Prepaid expenses	455,793
Inventory	27,689
Total Current Assets	42,214,323
 Capital Assets:	
Land	10,200,702
Construction in progress	986,796
Buildings	214,853,904
Equipment and vehicles	7,257,714
Less accumulated depreciation	(64,465,537)
Total Capital Assets	168,833,579
Total Assets	211,047,902
 Deferred Outflows of Resources:	
Related to pension expenses	25,271,862
Related to other post-employment expenses	239,842
Deferred charge on refunding	535,581
Total Deferred Outflows of Resources	26,047,285
 Liabilities:	
Current Liabilities:	
Accounts, retainage, arbitrage and deposits payable	2,766,710
Accrued compensation	4,922,577
Accrued interest	300,324
Unearned revenue	211,879
Bonded debt payable - due within one year	5,505,000
Total Current Liabilities	13,706,490
 Noncurrent Liabilities:	
Bonded debt payable - due in more than one year	87,445,010
Compensated absences and early retirement - due in more than one year	1,115,686
Net pension and OPEB liability:	
Due in more than one year - pension	80,084,533
Due in more than one year - OPEB	3,999,738
Total Noncurrent Liabilities	172,644,967
Total Liabilities	186,351,457
 Deferred Inflows of Resources:	
Related to pension expenses	61,363,147
Related to other post-employment expenses	6,088
Total Deferred Inflows of Resources	61,369,235
 Net Position:	
Net investment in capital assets	82,589,481
Restricted for:	
TABOR	1,007,900
Debt service	9,926,008
Other purposes	325,940
Unrestricted	(104,474,834)
Total Net Position	\$ (10,625,505)

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Direct instruction	\$ 26,456,861	\$ 459,966	\$ 2,525,484	\$ -
Indirect instruction	6,183,136	-	824,408	-
Transportation	1,673,917	158,637	9,656	-
Custodial and maintenance	4,728,831	-	-	-
Support services	2,396,478	-	231,160	-
General administration	3,055,948	-	-	-
Community service	2,750	-	-	-
Food service	1,471,318	629,413	760,768	-
Interest	3,020,278	-	-	-
Total governmental activities	48,989,517	1,248,016	4,351,476	-
General revenues:				
Property taxes levied for general purposes				29,841,656
Property taxes levied for debt service				8,539,525
Specific ownership taxes				2,211,655
State revenue				9,685,376
Grants and contributions not restricted to specific programs				1,068,667
Gain on asset disposition				22,087
Interest and investment earnings				875,059
Total general revenues				52,244,025
Change in net position				8,854,000
Net position - beginning				(19,479,505)
Net position - ending				\$ (10,625,505)

The accompanying notes are an integral part of this statement.

Summit School District RE-1

Fund Financial Statements



SUMMIT SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2019

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Bond Redemption Fund</u>	<u>Building Fund</u>	<u>Capital Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:							
Cash and cash equivalents	\$ 16,437,151	\$ -	\$ 9,750,713	\$ 6,170,331	\$ 78,448	\$ 4,293,810	\$ 36,730,453
Accounts receivable	-	-	-	849,394	-	-	849,394
Taxes receivable	833,103	-	271,418	-	-	113,445	1,217,966
Due from other governments	210,863	181,018	18,045	-	-	105,140	515,066
Due from other funds	-	80,480	-	-	-	-	80,480
Inventories and prepaid expenses	129,853	-	-	-	-	27,689	157,542
Total Assets	<u>17,610,970</u>	<u>261,498</u>	<u>10,040,176</u>	<u>7,019,725</u>	<u>78,448</u>	<u>4,540,084</u>	<u>39,550,901</u>
Liabilities:							
Accounts and deposits payable	237,668	8,941	-	1,672,033	7,378	316,510	2,242,530
Accrued compensation	4,347,023	203,219	-	-	-	372,335	4,922,577
Due to other funds	80,480	-	-	-	-	-	80,480
Unearned revenue:							
Other	124,960	49,338	-	-	-	37,581	211,879
Total Liabilities	<u>4,790,131</u>	<u>261,498</u>	<u>-</u>	<u>1,672,033</u>	<u>7,378</u>	<u>726,426</u>	<u>7,457,466</u>
Deferred Inflows of Resources:							
Unavailable property taxes	350,254	-	114,168	-	-	47,920	512,342
Fund Balances:							
Non-spendable	181,319	-	-	-	-	27,689	209,008
Spendable:							
Restricted	1,007,900	-	9,926,008	-	-	-	10,933,908
Committed	-	-	-	-	-	3,738,049	3,738,049
Assigned	-	-	-	5,347,692	71,070	-	5,418,762
Unassigned	11,281,366	-	-	-	-	-	11,281,366
Total Fund Balances	<u>12,470,585</u>	<u>-</u>	<u>9,926,008</u>	<u>5,347,692</u>	<u>71,070</u>	<u>3,765,738</u>	<u>31,581,093</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 17,610,970</u>	<u>\$ 261,498</u>	<u>\$ 10,040,176</u>	<u>\$ 7,019,725</u>	<u>\$ 78,448</u>	<u>\$ 4,540,084</u>	<u>\$ 39,550,901</u>

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position
June 30, 2019

Governmental Funds Total Fund Balance	\$ 31,581,093
Capital assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds.	233,299,116
Accumulated depreciation is not recognized in the governmental funds because capital assets are expensed at the time of acquisition.	(64,465,537)
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred	512,342
An internal service fund is used by the District's management to charge the cost of employee health and dental benefits to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.	2,219,718
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of bonded debt payable.	(84,705,000)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds. Interest is recorded as an expenditure in the funds when it is due, while interest is recorded when incurred in the Statement of Activities. This is interest payable for the year.	(300,324)
Deferred items such as premiums and deferred refunding costs are treated as current transactions on the fund financial statements but are capitalized and amortized on the Statement of Net Position.	(7,709,425)
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of compensated absences not currently payable.	(1,115,686)
Long-term liabilities, including net pension and OPEB obligations, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of the District's net pension and OPEB liability, adjusted for changes in pension and OPEB related actuarial assumptions, proportion of collective pension and OPEB amounts, differences between actual and expected experience and investments earnings, and differences between actual and annualized contributions to the pension and OPEB plan, that are amortized over the average remaining service life of all active and inactive plan participants.	<u>(119,941,802)</u>
Governmental Activities Net Position	<u>\$ (10,625,505)</u>

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Bond Redemption Fund</u>	<u>Building Fund</u>	<u>Capital Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:							
Taxes:							
General property taxes	\$ 26,217,285	\$ -	\$ 8,539,525	\$ -	\$ -	\$ 3,558,201	\$ 38,315,011
Specific ownership taxes	2,211,655	-	-	-	-	-	2,211,655
Intergovernmental revenues:							
Federal sources	-	1,108,292	-	-	-	731,017	1,839,309
State sources	9,398,274	212,278	-	1,847,000	-	317,479	11,775,031
Charges for services	545,463	-	-	-	-	629,413	1,174,876
Investment income	505,087	-	-	369,972	-	-	875,059
Other revenue	1,163,455	198,268	-	-	132	168,293	1,530,148
Total Revenues	<u>40,041,219</u>	<u>1,518,838</u>	<u>8,539,525</u>	<u>2,216,972</u>	<u>132</u>	<u>5,404,403</u>	<u>57,721,089</u>
Expenditures:							
Direct instruction	23,526,569	1,034,460	-	-	-	1,015,248	25,576,277
Indirect instruction	5,394,588	466,494	-	-	-	475,574	6,336,656
Transportation	44,879	-	-	-	-	1,517,342	1,562,221
Custodial and maintenance	4,197,036	17,884	-	-	-	130,656	4,345,576
Support services	2,071,102	-	-	-	-	125,711	2,196,813
General administration	3,041,781	-	-	-	-	8,911	3,050,692
Food service operations	11,908	-	-	-	-	1,587,128	1,599,036
Debt Service							
Principal	-	-	5,345,000	-	-	-	5,345,000
Interest	-	-	3,874,200	-	-	-	3,874,200
Fiscal charges	-	-	20,474	-	-	-	20,474
Capital outlay	-	-	-	31,192,679	93,487	515,431	31,801,597
Total Expenditures	<u>38,287,863</u>	<u>1,518,838</u>	<u>9,239,674</u>	<u>31,192,679</u>	<u>93,487</u>	<u>5,376,001</u>	<u>85,708,542</u>
Excess (Deficiency) or Revenues Over Expenditures	<u>1,753,356</u>	<u>-</u>	<u>(700,149)</u>	<u>(28,975,707)</u>	<u>(93,355)</u>	<u>28,402</u>	<u>(27,987,453)</u>
Other Financing Sources (Uses):							
Transfers in	-	-	-	-	-	806,543	806,543
Transfers (out)	(806,543)	-	-	-	-	-	(806,543)
Total Other Financing Sources (Uses)	<u>(806,543)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>806,543</u>	<u>-</u>
Net Change in Fund Balance	946,813	-	(700,149)	(28,975,707)	(93,355)	834,945	(27,987,453)
Fund Balance - Beginning of the Year	11,523,772	-	10,626,157	34,323,399	164,425	2,930,793	59,568,546
Fund Balance - End of the Year	<u>\$ 12,470,585</u>	<u>\$ -</u>	<u>\$ 9,926,008</u>	<u>\$ 5,347,692</u>	<u>\$ 71,070</u>	<u>\$ 3,765,738</u>	<u>\$ 31,581,093</u>

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Reconciliation of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019

Governmental Funds Changes in Fund Balances	\$ (27,987,453)
Changes:	
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 an expenditure in the governmental funds functions.	31,720,381
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.	(9,951,325)
Unavailable property tax revenue does not provide a current financial resource and is a deferred inflow on the governmental fund financial statements; not recognized on the government-wide financial statements. This is the unavailable property tax revenue not on the Statement of Activities	66,171
An internal service fund is used by the District's management to charge the costs of employee health and dental benefits to the individual funds. The assets and liabilities of the internal service fund are included within governmental activities on the Statement of Net Position.	741,670
Retirement of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of principal repayments.	5,345,000
Interest on long-term debt in the Statement of Activities differed from the amount reported in the governmental funds. Interest is recorded as an expenditure in the funds when it is due, while interest is recorded when incurred in the Statement of Activities. This is the change in accrued interest payable during the year.	13,296
Premiums on refunded bonds are an increase in current available resources on the fund financial statements, but in the government wide financial statements these premiums are offset against the unamortized amounts of the refunded bonds, and the related refunding costs. Premiums and deferred refunding costs are capitalized and amortized over the life of the bonds. This represents the current year amortization District's deferred outflows the year.	840,626
Changes in the District's net pension and OPEB 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 pension and OPEB obligation during the year, including differences between employer contributions to the pension and OPEB plan and amortization of pension and OPEB-related deferrals.	8,089,980
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.	(24,346)
Governmental Activities Change in Net Position	<u><u>\$ 8,854,000</u></u>

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2019

	Governmental Activities - Internal Service Fund
Assets:	
Current assets:	
Cash and cash equivalents	\$ 2,417,962
Deposits	325,940
	2,743,902
Total Assets	2,743,902
Liabilities:	
Accounts and deposits payable	524,183
	524,183
Total Liabilities	524,183
Net Position:	
Restricted	325,940
Unrestricted	1,893,778
	2,219,718
Total Net Position	\$ 2,219,718

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2019

	Governmental Activities -
	Internal Service Fund
Operating Revenues:	
Insurance premiums	\$ 4,267,506
Stop loss reimbursements	579,733
Total Operating Revenues	4,847,239
Operating Expenses:	
Purchased services	4,105,570
Total Operating Expenses	4,105,570
Change in Net Position	741,669
Net Position - Beginning of the Year	1,478,049
Net Position - End of the Year	\$ 2,219,718

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2019

	Governmental Activities - Internal Service Fund
Cash Flows From Operating Activities:	
Cash received from customers and employees	\$ 4,847,240
Cash paid for goods and services	(4,165,391)
Net Cash Provided (Used) by Operating Activities	681,849
Net Increase (Decrease) in Cash and Cash Equivalents	681,849
Cash and Cash Equivalents - Beginning of the Year	1,736,113
Cash and Cash Equivalents - End of the Year	\$ 2,417,962
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 741,669
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) decrease in deposits	14,350
Increase (decrease) in accounts payable	(74,170)
Total Adjustments	(59,820)
Net Cash Provided (Used) by Operating Activities	\$ 681,849

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Fund
Student Activities Fund
June 30, 2019

Assets:	
Cash and cash equivalents	\$ 738,998
	<hr/>
Total Assets	738,998
	<hr/> <hr/>
 Liabilities:	
Accounts payable	8,248
Due to student activities and other organizations	730,750
	<hr/>
Total Liabilities	\$ 738,998
	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

Summit School District RE-1

Notes to the Financial Statements



Summit School District RE-1
Notes to the Financial Statements
June 30, 2019

I. Summary of Significant Accounting Policies

Summit School District (the “District”) was formed in 1958 by a state-wide reorganization of school districts. The District operates under a locally elected Board of Education with seven members and provides educational services to approximately 3,600 students. The District’s mission is *“in a safe environment, we will do whatever it takes for the academic and character success of every student to develop as a lifelong learner and responsible citizen.”* The District operates the following schools:

Elementary Schools	Middle Schools	High Schools
Breckenridge Elementary	Summit Middle School	Summit High School
Dillon Valley Elementary		Snowy Peaks High School
Frisco Elementary		
Silverthorne Elementary		
Summit Cove Elementary		
Upper Blue Elementary		

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 (Statement and Interpretations). The more significant accounting policies established by GAAP 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. No additional separate governmental units, agencies or nonprofit organizations are included in the financial statements of the District. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization’s governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Based upon the above criteria, the District is not financially accountable for any other organization.

The District receives funding from local, state, and federal government sources and must comply with all the requirements of these funding sources. However, the District is not included in any other governmental reporting entity.

B. District-wide and Fund Financial Statements

The District’s basic financial statements include both District-wide (financial activities of the overall District, except for fiduciary activities) and fund financial statement (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.

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

1. District-wide Financial Statements

In the District-wide Statement of Net Position, the governmental 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 both the gross and net cost of the District's functions. The functions are also supported by general government 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. Resources restricted within this fund relate to TABOR reserve requirements (see Note 3.C).

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 *Grant Fund* accounts for all federal, state and local grants which are restricted as to the type of expenditures for which they may be used.

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements (continued)

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 *Bond Redemption Fund* accounts for and reports financial resources that are restricted to expenditure for principal and interest that have been legally mandated, as well as the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

The *Building Fund* accounts for all resources available from bond proceeds for acquiring capital sites, buildings, and equipment.

The *Capital Reserve Capital Projects Fund* is used to account for the acquisition of land, construction of new facilities, alterations and improvements to existing structures, and the acquisition of school buses and/or other equipment.

Additionally, the District reports the following fund types:

The *Health Benefits Internal Service Fund* accounts for the employee health and dental benefits provided to other departments or funds of the District on a cost reimbursement basis.

The *Student Activities Fiduciary Fund* accounts for student clubs and other organizations which exist with the explicit approval of, and are subject to revocation by, the District's Board of Directors.

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.

Summit School District RE-1
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 activities in the government-wide financial statements and the proprietary 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 District 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. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges related to providing insurance to eligible District employees. Operating expenses for proprietary funds include the cost of claims and premiums. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The pooled cash concept is used whereby cash balances of each of the District's funds are pooled and invested in certain investments.

2. Investments

Investments are stated at fair value or net asset value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District records nonparticipating interest-earning investment contracts at cost. All other securities are recorded at fair value. It is the intention of the investment pool to maximize interest income, and securities are selected according to their risk, marketability, and diversification. Income earned or losses arising from investment of pooled cash balances are recorded in the General Fund.

3. Receivables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balance outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property taxes are levied on or before December 15 of each year and attach as an enforceable lien on the property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. Property taxes levied in 2018 but not yet collected in 2019 are identified as property taxes receivable and deferred revenues at June 30, 2019, and are presented net of an allowance for uncollectible taxes. Grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

4. Inventories and Prepaid Items

All inventories are valued at cost using the first-in / first-out (FIFO) method. Inventories recorded in the *Food Service Fund* consist of purchased and donated commodities. Donated commodities inventories are offset by unearned revenue. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt. The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements.

5. Capital Assets

Capital assets, which include land, buildings, infrastructure, vehicles and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or an estimated historical cost if no historical records exist. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed asset, as applicable.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The District does not capitalize interest on the construction of capital assets.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50 years
Vehicles	8 years
Equipment	5 to 15 years
Buses	15 years

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. Compensated Absences

Vested or accumulated leave that is expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are reported in the governmental activities column in the district-wide financial statements. Vested or accumulated leave in the proprietary fund type is recorded as an expense and a liability of that fund as the benefits accrue to employees. In accordance with provisions of GASB No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights.

7. Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statements of net position. The District records long-term debt of governmental funds at the face value. The District's general obligation bonds are serviced from property taxes and other revenues of the *Bond Redemption Debt Service Fund*. The long-term accumulated unpaid vacation and accrued sick leave are serviced from property taxes and other revenues by the respective fund types from future appropriations.

8. Pensions

The District participates in the School Division Trust Fund ("SCHDTF"), a cost-sharing multiple-employer defined benefit pension fund 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.

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

9. 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.

10. Deferred Outflows of Resources and Deferred 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 if resources (expense/expenditures) until then. The District has two items that qualify for reporting under this category on the Statement of Net Position. One item is deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt. Another item is the collective deferred outflows related to the District’s net pension 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. See Notes IV.G and IV.H.

Deferred inflows of resources represent an acquisition of net position that applied 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. Collective deferred inflows related to the District’s net pension and OPEB obligations are reported on the Statement of Net Position and are amortized over the average remaining service life of all active and inactive plan members. See Notes IV.G and IV.H.

11. 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 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 within the *General Fund*. The *General Fund* should be the only fund that reports a positive unassigned balance. In all

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications, refer to Note IV.F.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

12. Interfund Transactions

Interfund services provided and used 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 “due from other funds” or “due to other funds” on the balance sheet when they are expected to be liquidated within one year. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”. If the receivable or payable is not expected to be liquidated after one year, it is classified as “advances to other funds” or “advances from other funds”.

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. Credit Risk

The receivables of the various funds of the District are primarily due from other governments. Management believes that the credit risk related to the receivables is minimal.

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.

III. Stewardship, Compliance, and Accountability

A. Bond Trustee

Colorado State Statutes require all property taxes levied for the purpose of satisfying bonded indebtedness to 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 UMB

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

Bank in order to meet this requirement.

III. Stewardship, Compliance, and Accountability (continued)

B. Budgets and 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.

The District maintains an operating reserve of the general fund unreserved balance amounting to 7% of the District's current fiscal year adopted expenditure budget as a beneficial and sound financial management practice. Additionally all other funds must have a zero or positive balance at each fiscal year end.

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. Budgets and Budgetary Information (continued)

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	\$ 946,813
Add/(less):	
Pension direct distribution - Special funding	650,382
Pension expense - Special funding	(650,382)
Net Change in Fund Balances - GAAP Basis	\$ 946,813

For the year ended June 30, 2019, expenditures exceeded appropriations in the Debt Service fund by \$5,474. This may be a violation of Colorado budget law.

C. TABOR Amendment – Revenue and Spending Limitation 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 which 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 revenue gain to any local government.

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. These reserves are required to be 3% of adjusted revenue. The District has reserved a portion of its June 30, 2019 year-end fund balance in the General Fund for emergencies as required under Tabor in the amount of \$1,007,900, which is approximately 3% of the fiscal year spending at June 30, 2019.

The initial base for local government's spending and revenue limits is June 30, 1993 fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

**Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)**

III. Stewardship, Compliance, and Accountability (continued)

C. TABOR Amendment – Revenue and Spending Limitation Amendment (continued)

In 2000, the District’s electorate passed a ballot question exempting the District from the revenue and expenditure limitations imposed by the TABOR Amendment. The District’s electorate approved the following ballot question: *“without increasing any tax rates or imposing any new tax, shall the Summit School District RE-1 be authorized to collect, keep and expend all district revenues received ... without regard to any spending, revenue-raising, or other limitation in Article X, Section 20 of the Colorado Constitution or other laws of the state?”*

The District’s management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

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 over \$250,000 are collateralized as required by PDPA.

The District’s investment policy permits investments in the following type of obligations:

- 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)
- Prime Commercial Paper (maximum maturity of 9 months)
- Local Government Investment Pools
- Money Market Mutual Funds
- Securities specifically approved by the District

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	\$ 23,663,078

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

The deposits and investments held by the District at June 30, 2019 are as follows:

	<u>Rating</u>	<u>Carrying Amounts</u>	<u>Maturities</u>	
			<u>Less than One Year</u>	<u>Less than Five Years</u>
<i>Deposits:</i>				
Checking accounts	Not rated	\$ 5,879,768	5,879,768	-
<i>Investments:</i>				
Government Investment Pools	AAAm	23,663,078	23,663,078	-
Cash with Fiscal Agent	Not rated	10,344,567	10,344,567	-
Total		<u>\$ 39,887,413</u>	<u>39,887,413</u>	<u>-</u>

The Investment Pool represents an investment in Colotrust and C-Safe, which are 2a7-like pools. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool.

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

Credit Risk. State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Credit quality distribution for investments, with credit exposure as a percentage of total investments are as follows at year end:

<u>Investment Type</u>	<u>Rating</u>	<u>Percentage</u>
Government Investment Pools	AAAm	100%

Concentration of Credit Risk. The District diversifies its investments by security type and institution.

- 100% of the District's portfolio may be invested in US Treasury notes, bonds or certificates, US Government sponsored corporations, or the Colotrust or CSAFE investment pool.
- 50% of the portfolio may be invested in certificates of deposit with no more than 10% held by any one issuer and not exceeding 20% of the issuer's net worth.
- 25% of the portfolio may be invested in bankers' acceptances, (10% per issuer), State or local government bonds (10% per issuer), and repurchase agreements (25% per dealer).
- 10% of the portfolio may be invested in commercial paper and other authorized investments.

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Custodial Credit Risk. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy limits the amount of securities that can be held by counterparties.

B. Receivables

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

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Bond Redemption Fund</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receivables:						
Accounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	833,103	-	271,418	-	113,445	1,217,966
Intergovernmental	210,863	181,018	18,045	849,394	105,140	1,364,460
Gross receivables	<u>1,043,966</u>	<u>181,018</u>	<u>289,463</u>	<u>849,394</u>	<u>218,585</u>	<u>2,582,426</u>
Less: allowance for uncollectible	-	-	-	-	-	-
Net receivables	<u>\$ 1,043,966</u>	<u>\$ 181,018</u>	<u>\$ 289,463</u>	<u>\$ 849,394</u>	<u>\$ 218,585</u>	<u>\$ 2,582,426</u>

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

Capital asset activity for the year ending June 30, 2019 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 44,824,438	\$ 986,797	\$ (44,824,439)	\$ 986,796
Land	10,173,867	26,835	-	10,200,702
Total capital assets not depreciated	<u>54,998,305</u>	<u>1,013,632</u>	<u>(44,824,439)</u>	<u>11,187,498</u>
Capital assets being depreciated:				
Building	139,936,494	74,917,410	-	214,853,904
Vehicles	4,516,005	330,068	(293,008)	4,553,065
Equipment	2,430,312	283,710	(9,373)	2,704,649
Total capital assets being depreciated	<u>146,882,811</u>	<u>75,531,188</u>	<u>(302,381)</u>	<u>222,111,618</u>
Less accumulated depreciation for:				
Building	(50,236,566)	(9,576,002)	-	(59,812,568)
Vehicles	(2,480,322)	(280,181)	293,008	(2,467,495)
Equipment	(2,099,705)	(95,142)	9,373	(2,185,474)
Total accumulated depreciation	<u>(54,816,593)</u>	<u>(9,951,325)</u>	<u>302,381</u>	<u>(64,465,537)</u>
Total capital assets, net	<u>\$ 147,064,523</u>	<u>\$ 66,593,495</u>	<u>\$ (44,824,439)</u>	<u>\$ 168,833,579</u>

The District had the following capital outlay and depreciation expense for the following functions:

Governmental activities:	<u>Capital Outlay</u>	<u>Depreciation</u>
Direct instruction	\$ 18,565,086	\$ 5,804,156
Indirect instruction	4,623,558	1,445,501
Transportation	1,272,269	397,760
Custodial and maintenance	3,295,021	1,030,150
Support services	1,738,578	543,546
General administration	2,217,074	693,142
Community service	8,795	2,750
Food service	-	34,320
Total Governmental activities	<u>\$ 31,720,381</u>	<u>\$ 9,951,325</u>

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Transfers

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) provide additional resources for current operations or debt service.

All District transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

The following interfund transfers occurred during the year ended June 30, 2019:

	Transfers In (Out)
General fund	\$ (806,543)
Kindergarten fund	211,852
Transportation fund	400,350
Food service fund	194,341
Total	\$ -

E. Long-Term Debt – Governmental Activities

The District has the following long-term debt outstanding for governmental activities:

1. 2004B General Obligation Bonds

The District issued \$32,575,000 of General Obligation Bonds (the “2004B Bonds”) dated December 14, 2004. Proceeds from the 2004B Bonds were used to finance improvements to District facilities.

The interest rates on the Series 2004B Bonds ranges from 3.8% to 5.0% and is payable semi-annually on June 1 and December 1 through 2024. The 2004B Bonds are subject to redemption prior to maturity. These bonds will be serviced by the Bond Redemption Fund.

The District advance refunded \$29,740,000 of its General Obligation Refunding Bonds, Series 2004B on January 5, 2012 (see Note E2).

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Long-Term Debt – Governmental Activities (continued)

2. 2012 General Obligation Refunding Bonds

The District issued \$29,740,000 of General Obligation Refunding Bonds (the “2012 Bonds”) dated January 5, 2012. Proceeds from the 2012 Bonds were used to advance refund a portion of the District’s General Obligation Bonds, Series 2004B (see note E4). The Series 2004B Bonds being refunded mature in the years 2014 through 2024. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the Statement of Net Position. The reacquisition price exceeded net carrying amount of the old debt by \$2,722,778. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt.

The interest rates on the Series 2012 Bonds ranges from 1.5% to 5% and is payable semi-annually on June 1 and December 1 through 2024. The 2011 Bonds are subject to redemption prior to maturity. These bonds will be serviced by the Bond Redemption Fund.

Additionally, the District issued \$740,000 of Registered Coupons evidencing additional interest on the Series 2012 Bonds, with interest rates ranging from .60% to 1.10%. The principal matures in various increments on December 1 through 2024.

3. 2017 General Obligation Bonds

The District issued \$68,445,000 of General Obligation Refunding Bonds (the “2017 Bonds”) dated January 24, 2017. Proceeds from the 2017 Bonds were used to finance capital projects and construction for the District.

The interest rates on the Series 2017 Bonds ranges from 4.0% to 5.0% and is payable semi-annually on June 1 and December 1 through 2036. The 2017 Bonds are subject to redemption prior to maturity. These bonds are serviced by the Bond Redemption Fund.

4. Defeasance of Debt

As noted above, proceeds of the refunding bond issues were used to purchase U.S. government securities to retire outstanding issuances. Sufficient U.S. government, state and local governmental securities were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District’s financial records. The District is unable to determine the amount of defeased bonds outstanding at year-end.

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Long-Term Debt – Governmental Activities (continued)

5. Schedule of Future Payment

Annual debt service requirement to maturity for general obligation bonds is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019-2020	\$ 5,505,000	\$ 3,700,375	\$ 9,205,375
2020-2021	5,690,000	3,488,300	9,178,300
2021-2022	5,945,000	3,239,850	9,184,850
2022-2023	6,185,000	2,971,525	9,156,525
2023-2024	6,485,000	2,715,325	9,200,325
2025-2029	19,785,000	10,662,600	30,447,600
2030-2034	20,370,000	6,095,500	26,465,500
2035-2039	14,740,000	1,103,725	15,843,725
Totals	<u>\$ 84,705,000</u>	<u>\$ 33,977,200</u>	<u>\$ 118,682,200</u>

6. Changes in General Long-Term Debt

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

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2019</u>	<u>Due Within One Year</u>
Governmental activities:					
General Obligation Bonds:					
Refunding Bonds, Series 2012	23,570,000	-	(3,050,000)	20,520,000	3,120,000
GO Bonds 2017	66,480,000	-	(2,295,000)	64,185,000	2,385,000
Unamortized premium	9,290,696	-	(1,045,686)	8,245,010	-
Compensated absences	1,091,340	24,346	-	1,115,686	-
Net OPEB liability	3,816,133	183,605	-	3,999,738	-
Net unfunded pension liability	167,112,041	-	(87,027,508)	80,084,533	-
Governmental activity long-term liabilities	<u>\$ 271,360,210</u>	<u>\$ 207,951</u>	<u>\$ (93,418,194)</u>	<u>\$ 178,149,967</u>	<u>\$ 5,505,000</u>

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Fund Balance Disclosures

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. The District has the following restrictions on fund balance at June 30, 2019:

TABOR	\$ 1,007,900
Debt Service	9,926,008
	<u>\$ 11,259,848</u>

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.

Unassigned – includes residual positive fund balance within the General Fund, which has not been classified within the other categories mentioned above. 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.

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

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

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

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

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

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

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.

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

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

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

Contribution provisions as of December 31, 2018: 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 the 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 presented in C.R.S. 24-51-411	5.50%	5.50%
Total Employer Contribution Rate to the SCHDTF	19.13%	19.13%

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a 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 \$4,288,601 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.

At June 30, 2019, the District reported a liability of \$80,084,533 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:

The District's proportionate share of the net pension liability	\$ 80,084,533
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	9,633,236
Total	<u>\$ 89,717,769</u>

At December 31, 2018, the District's proportionate share was 0.4523%, as compared to its proportionate share of 0.5168% at December 31, 2017.

Pension Expense: For the year ended June 30, 2019, the District recognized pension expense of \$3,824,774 and revenue of \$56,257 for support from the State as a nonemployer contributing entity.

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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 expenses and actual experience	\$ 2,716,557	\$ -
Change of assumptions or other inputs	14,948,128	49,803,966
Net difference between projected and actual earnings on pension plan investments	4,365,107.00	-
Changes in proportionate share of contributions	766,727	11,559,181.00
Difference between actual and reported contributions recognized	664	-
Contributions subsequent to measurement date	2,474,679	-
	\$ 25,271,862	\$ 61,363,147

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 June 30,	Amortization
2020	\$ (7,017,562)
2021	(20,337,022)
2022	(13,599,178)
2023	2,387,798
	\$ (38,565,964)

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

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

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

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

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

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

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

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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.

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%.

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

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

**Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)**

IV. Detailed Notes on All Funds (continued)

G. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of net pension liability	\$ 101,813,784	\$ 80,084,533	\$ 61,850,028

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.

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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.

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Other Postemployment Benefits – Plan, Liabilities, Expense, and 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.

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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.

For the year ended June 30, 2019, the District's contributions to HCTF were approximately \$261,357 .

Liabilities. At June 30, 2019, the District reported a liability of \$3,999,738 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 0.2940%, as compared to its proportion of 0.2936% measured as of December 31, 2017.

Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the District recognized OPEB expense of \$74,809. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference between expenses and actual experience	\$ 14,517	\$ 6,088
Net difference between projected and actual earnings on plan investments	23,001	-
Changes in proportionate share of contributions	42,318	-
Contributions subsequent to measurement date	131,948	-
	<u>\$ 239,842</u>	<u>\$ 6,088</u>

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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	\$ 23,256
2021	23,256
2022	23,262
2023	26,400
2024	5,431
Thereafter	201
	<u>\$ 101,806</u>

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 cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.25 percent for 2018, gradually rising to 5.00 percent in 2025

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.

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

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

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

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

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

**Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)**

IV. Detailed Notes on All Funds (continued)

H. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

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

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

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

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

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

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

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

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

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

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

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

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

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

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

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

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	2.25%	3.25%	4.25%
Ultimate Medicare Part A Trend	4.00%	5.00%	6.00%
Collective Net OPEB Liability	1,322,972,000	1,360,542,000	1,403,754,000
Proportionate Share of Net OPEB Liability	3,889,289	3,999,738	4,126,772

**Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)**

IV. Detailed Notes on All Funds (continued)

H. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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.

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 7.25%	1% Increase 8.25%
Proportionate Share of Net OPEB Liability	\$ 4,475,358	\$ 3,999,738	\$ 3,593,126

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.

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

V. Other Information

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and distortion of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance.

Liability and Property. The District maintains commercial insurance coverage for liability, property, errors and omissions, workers' compensation and employee vision. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Employee Health Care. The District has adopted a plan for self-insurance of health and dental benefits for employees which is administered by a third party administrator. The plan provides for the District to pay all allowable health expenses up to \$120,000 annually, for each insured, with all claims for each insured in excess of \$120,000 insured by a "stop-loss" insurance policy. An aggregate overall stop-loss per calendar year, based on a calculation of monthly attachment points, exists under the plan. Claim payments are based specific claims expenses. Estimated amounts of subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims, if any. Unpaid claims at year end include all allocated claims adjustment expenditures. Claims the have been incurred but not reported ("IBNR") are reported as a liability in the *health benefits fund* (June 30, 2019 - \$513,034, June 30, 2018 - \$587,485).

Changes in the balances of unpaid claims during the past two years are as follows:

	Year ended	Year ended
	6/30/18	6/30/19
Unpaid claims, beginning of fiscal year	\$ -	\$ -
Incurred claims	2,853,339	3,270,216
Claim Payments	(2,853,339)	(3,270,216)
Unpaid claims, end of fiscal year	\$ -	\$ -

B. Contingencies

1. 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 and State Programs

The District receives revenues from various Federal and State grant programs, which are subject to final review and approval as to allowability by the respective grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Summit School District RE-1
Notes to the Financial Statements
June 30, 2019
(Continued)

V. Other Information (continued)

B. Contingencies (continued)

3. Arbitrage Rebate

The proceeds and the interest earned on the proceeds from the General Obligation Bonds - 2004A, 2012, and 2017 are subject to the assessment of an arbitrage penalty if certain conditions are met.

Investment of bond reserves and bond proceeds at net interest rates in excess of the net interest rate being paid on the bonds may cause the District to be subject to an arbitrage penalty on the difference between the net interest earned and net interest paid. This arbitrage penalty would be payable to the U.S. Treasury on the five-year anniversary date of the bonds. Final arbitrage rebate cannot be determined until the bond proceeds are expended.

C. Defined Contribution Pension Plan – Voluntary Investment Program

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

Funding Policy. 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. Member contributions from the District for the years ended June 30, 2019, 2018, and 2017 were \$288,744, \$293,284, and \$284,106 respectively.

Summit School District RE-1

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Summit School District RE-1

Required Supplementary Information



SUMMIT SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended June 30, 2019
(With Comparative Totals For the Year Ended 2018)

	2019			Variance Positive (Negative)	2018
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
Revenues:					
General property taxes	\$ 26,415,730	\$ 26,415,730	\$ 26,217,285	\$ (198,445)	\$ 26,006,562
Specific ownership taxes	2,022,470	2,022,470	2,211,655	189,185	2,236,696
State sources	8,921,300	8,921,300	8,747,892	(173,408)	7,632,477
Tuition and fees	471,300	471,300	545,463	74,163	481,526
Interest income	80,000	80,000	505,087	425,087	280,625
Other revenue	650,000	950,000	1,163,455	213,455	1,131,038
Total Revenues	38,560,800	38,860,800	39,390,837	530,037	37,768,924
Expenditures:					
Direct instruction	22,530,021	22,730,021	23,102,367	(372,346)	21,161,571
Indirect instruction	5,594,202	5,594,202	5,300,208	293,994	4,984,260
Transportation	-	-	23,389	(23,389)	-
Custodial and maintenance	4,065,092	4,065,092	4,156,713	(91,621)	3,816,523
Support services	2,207,420	2,207,420	2,050,184	157,236	2,161,536
General administration	3,161,865	3,161,865	2,992,712	169,153	2,982,208
Food service	-	-	11,908	(11,908)	-
Total Expenditures	37,558,600	37,758,600	37,637,481	121,119	35,106,098
Excess (Deficiency) of Revenues Over Expenditures	1,002,200	1,102,200	1,753,356	651,156	2,662,826
Other Financing Sources (Uses):					
Transfers (out)	(1,002,200)	(1,102,200)	(806,543)	295,657	(1,296,468)
Total Other Financing Sources (Uses)	(1,002,200)	(1,102,200)	(806,543)	295,657	(1,296,468)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	-	-	946,813	946,813	1,366,358
Reconciliation to GAAP Basis:					
Pension direct distribution - Special funding			650,382		-
Pension expense - Special funding			(650,382)		-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses) - GAAP Basis			946,813		1,366,358
Net Change in Fund Balance	-	-	946,813	946,813	1,366,358
Fund Balance - Beginning of the Year	9,855,889	9,855,889	11,523,772	1,667,883	10,157,414
Fund Balance - End of the Year	\$ 9,855,889	\$ 9,855,889	\$ 12,470,585	\$ 2,614,696	\$ 11,523,772

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Special Revenue Fund
Grant Fund
For the Year Ended June 30, 2019
(With Comparative Totals For the Year Ended 2018)

	2019			Variance Positive (Negative)	2018
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
Revenues:					
Federal sources	\$ 1,175,662	\$ 1,175,662	\$ 1,108,292	\$ (67,370)	\$ 1,050,769
State sources	2,980,759	2,980,759	212,278	(2,768,481)	174,219
Other revenue	219,443	219,443	198,268	(21,175)	35,439
Total Revenues	<u>4,375,864</u>	<u>4,375,864</u>	<u>1,518,838</u>	<u>(2,857,026)</u>	<u>1,260,427</u>
Expenditures:					
Direct instruction	1,010,914	1,010,914	1,034,460	(23,546)	912,833
Indirect instruction	514,157	514,157	466,494	47,663	347,594
Custodial and maintenance	17,884	17,884	17,884	-	-
Capital outlay	2,832,909	2,832,909	-	2,832,909	-
Total Expenditures	<u>4,375,864</u>	<u>4,375,864</u>	<u>1,518,838</u>	<u>2,857,026</u>	<u>1,260,427</u>
Net Change in Fund Balance	-	-	-	-	-
Fund Balance - Beginning of the Year	-	-	-	-	-
Fund Balance - End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Schedule of the District'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 portion of the net pension liability	0.4523%	0.5168%	0.5079%	0.5033%	0.4993%	0.5043%
District's proportionate share of the net pension liability	80,084,533	167,112,041	151,220,933	76,983,045	67,671,377	64,325,033
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	9,633,236	-	-	-	-	-
Total proportionate share of the net pension liability associated with the District	<u>89,717,769</u>	<u>167,112,041</u>	<u>151,220,933</u>	<u>76,983,045</u>	<u>67,671,377</u>	<u>64,325,033</u>
District's covered payroll	24,863,982	23,838,987	23,323,039	22,257,163	21,515,940	20,305,352
District's proportionate share of the net pension liability as a percentage of its covered payroll	322%	701%	648%	346%	315%	317%
Plan fiduciary net position as a percentage of the total pension liability	57.01%	43.96%	43.10%	59.20%	62.84%	64.07%

* 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 2014.

SUMMIT SCHOOL DISTRICT
Schedule of District Pension 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	\$ 4,901,724	\$ 4,583,603	\$ 4,288,601	\$ 3,951,621	\$ 3,638,592	\$ 3,245,532
Contributions in relation to the contractually required contribution	<u>\$ (4,901,724)</u>	<u>\$ (4,583,603)</u>	<u>\$ (4,288,601)</u>	<u>\$ (3,951,621)</u>	<u>\$ (3,638,592)</u>	<u>\$ (3,245,532)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 25,618,334	\$ 24,273,025	\$ 23,323,039	\$ 22,257,163	\$ 21,515,940	\$ 20,305,352
Contributions as a percentage of covered payroll	19.13%	18.88%	18.39%	17.75%	16.91%	15.98%

* Information is only available beginning in fiscal year 2014.

SUMMIT SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Other Post-Employment Benefits 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	0.2940%	0.2936%	0.2887%
District's proportionate share of the net OPEB liability	3,816,133	3,816,133	3,742,978
District's covered payroll	24,863,982	23,838,987	23,323,039
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	15.35%	16.01%	16.05%
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.

SUMMIT SCHOOL DISTRICT
Schedule of District Other Post-Employment Benefits 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	\$ 261,357	\$ 248,117	\$ 232,509
Contributions in relation to the contractually required contribution	<u>\$ (261,357)</u>	<u>\$ (248,117)</u>	<u>\$ (232,509)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 25,618,334	\$ 24,273,025	\$ 23,323,039
Contributions as a percentage of covered payroll	1.02%	1.02%	1.00%

* 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 2017.

Summit School District RE-1
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.

Summit School District RE-1
Notes to Required Supplementary Information
June 30, 2019

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.

Summit School District RE-1
Notes to Required Supplementary Information
June 30, 2019

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.

Summit School District RE-1

Supplementary Information



SUMMIT SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Debt Service Fund
Bond Redemption Fund
For the Year Ended June 30, 2019
(With Comparative Totals For the Year Ended 2018)

	2019			Variance Positive (Negative)	2018
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
Revenues:					
General property taxes	\$ 8,648,200	\$ 8,648,200	\$ 8,539,525	\$ (108,675)	\$ 8,574,053
Total Revenues	<u>8,648,200</u>	<u>8,648,200</u>	<u>8,539,525</u>	<u>(108,675)</u>	<u>8,574,053</u>
Expenditures:					
Debt Service					
Principal	5,345,000	5,345,000	5,345,000	-	4,925,000
Interest	3,874,200	3,874,200	3,874,200	-	4,042,600
Fiscal charges	15,000	15,000	20,474	(5,474)	15,474
Total Expenditures	<u>9,234,200</u>	<u>9,234,200</u>	<u>9,239,674</u>	<u>(5,474)</u>	<u>8,983,074</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(586,000)</u>	<u>(586,000)</u>	<u>(700,149)</u>	<u>(114,149)</u>	<u>(409,021)</u>
Net Change in Fund Balance	(586,000)	(586,000)	(700,149)	(114,149)	(409,021)
Fund Balance - Beginning of the Year	<u>10,625,178</u>	<u>10,625,178</u>	<u>10,626,157</u>	<u>979</u>	<u>11,035,178</u>
Fund Balance - End of the Year	<u>\$ 10,039,178</u>	<u>\$ 10,039,178</u>	<u>\$ 9,926,008</u>	<u>\$ (113,170)</u>	<u>\$ 10,626,157</u>

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Building Fund
For the Year Ended June 30, 2019
(With Comparative Totals For the Year Ended 2018)

	<u>2019</u>			<u>Variance Positive (Negative)</u>	<u>2018</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>		<u>Actual Amounts</u>
Revenues:					
State sources	\$ -	\$ -	\$ 1,847,000	\$ 1,847,000	\$ -
Interest income	300,000	300,000	369,972	69,972	924,645
Total Revenues	<u>300,000</u>	<u>300,000</u>	<u>2,216,972</u>	<u>1,916,972</u>	<u>924,645</u>
Expenditures:					
Capital Outlay	41,263,000	41,263,000	31,192,679	10,070,321	38,618,957
Total Expenditures	<u>41,263,000</u>	<u>41,263,000</u>	<u>31,192,679</u>	<u>10,070,321</u>	<u>38,618,957</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(40,963,000)</u>	<u>(40,963,000)</u>	<u>(28,975,707)</u>	<u>11,987,293</u>	<u>(37,694,312)</u>
Net Change in Fund Balance	(40,963,000)	(40,963,000)	(28,975,707)	11,987,293	(37,694,312)
Fund Balance - Beginning of the Year	<u>40,963,000</u>	<u>40,963,000</u>	<u>34,323,399</u>	<u>(6,639,601)</u>	<u>72,017,711</u>
Fund Balance - End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,347,692</u>	<u>\$ 5,347,692</u>	<u>\$ 34,323,399</u>

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Capital Projects Fund
Capital Reserve Fund
For the Year Ended June 30, 2019
(With Comparative Totals For the Year Ended 2018)

	<u>2019</u>			<u>Variance Positive (Negative)</u>	<u>2018</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>		<u>Actual Amounts</u>
Revenues:					
Other revenue	\$ 5,000	\$ 5,000	\$ 132	\$ (4,868)	\$ -
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>132</u>	<u>(4,868)</u>	<u>-</u>
Expenditures:					
Capital outlay	125,000	125,000	93,487	31,513	846,991
Total Expenditures	<u>125,000</u>	<u>125,000</u>	<u>93,487</u>	<u>31,513</u>	<u>846,991</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(120,000)</u>	<u>(120,000)</u>	<u>(93,355)</u>	<u>26,645</u>	<u>(846,991)</u>
Other Financing Sources					
Transfers in	-	-	-	-	600,000
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>600,000</u>
Net Change in Fund Balance	(120,000)	(120,000)	(93,355)	26,645	(246,991)
Fund Balance - Beginning of the Year	<u>191,615</u>	<u>191,615</u>	<u>164,425</u>	<u>(27,190)</u>	<u>411,416</u>
Fund Balance - End of the Year	<u>\$ 71,615</u>	<u>\$ 71,615</u>	<u>\$ 71,070</u>	<u>\$ (545)</u>	<u>\$ 164,425</u>

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2019

	<u>Special Revenue Fund</u>				Total Non-Major Governmental Funds
	Supplemental Capital Fund	Food Service Fund	Kindergarten Fund	Transportation Fund	
Assets:					
Cash and cash equivalents	\$ 4,014,600	\$ 65,012	\$ 154,845	\$ 59,353	\$ 4,293,810
Accounts receivable	-	-	-	-	-
Taxes receivable	59,579	-	25,731	28,135	113,445
Due from other governments	3,206	99,063	1,374	1,497	105,140
Inventories and prepaid expenses	-	27,689	-	-	27,689
Total Assets	<u>4,077,385</u>	<u>191,764</u>	<u>181,950</u>	<u>88,985</u>	<u>4,540,084</u>
Liabilities:					
Accounts and deposits payable	314,319	-	-	2,191	316,510
Accrued compensation	-	126,494	171,044	74,797	372,335
Unearned revenue:					
Other liabilities	-	37,581	-	-	37,581
Total Liabilities	<u>314,319</u>	<u>164,075</u>	<u>171,044</u>	<u>76,988</u>	<u>726,426</u>
Deferred Inflows of Resources:					
Unavailable property taxes	25,017	-	10,906	11,997	47,920
Fund Balances:					
Non-spendable	-	27,689	-	-	27,689
Spendable:					
Committed	3,738,049	-	-	-	3,738,049
Total Fund Balances	<u>3,738,049</u>	<u>27,689</u>	<u>-</u>	<u>-</u>	<u>3,765,738</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 4,077,385</u>	<u>\$ 191,764</u>	<u>\$ 181,950</u>	<u>\$ 88,985</u>	<u>\$ 4,540,084</u>

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
June 30, 2019

	<u>Special Revenue Funds</u>				Total Non-Major Governmental Funds
	<u>Supplemental Capital Fund</u>	<u>Food Service Fund</u>	<u>Kindergarten Fund</u>	<u>Transportation Fund</u>	
Revenues:					
Taxes:					
General property taxes	\$ 1,876,410	\$ -	\$ 805,416	\$ 876,375	\$ 3,558,201
Intergovernmental revenues:					
Federal sources	-	731,017	-	-	731,017
State sources	-	29,751	-	287,728	317,479
Charges for services	-	629,413	-	-	629,413
Other revenue	-	-	-	168,293	168,293
Total Revenues	<u>1,876,410</u>	<u>1,390,181</u>	<u>805,416</u>	<u>1,332,396</u>	<u>5,404,403</u>
Expenditures:					
Direct instruction	-	-	1,015,248	-	1,015,248
Indirect instruction	475,574	-	-	-	475,574
Transportation	-	-	-	1,517,342	1,517,342
Custodial and maintenance	99,192	-	-	31,464	130,656
Support services	125,711	-	-	-	125,711
General administration	4,704	-	2,020	2,187	8,911
Food service operations	-	1,587,128	-	-	1,587,128
Capital outlay	333,678	-	-	181,753	515,431
Total Expenditures	<u>1,038,859</u>	<u>1,587,128</u>	<u>1,017,268</u>	<u>1,732,746</u>	<u>5,376,001</u>
Excess (Deficiency) or Revenues					
Over Expenditures	<u>837,551</u>	<u>(196,947)</u>	<u>(211,852)</u>	<u>(400,350)</u>	<u>28,402</u>
Other Financing Sources (Uses):					
Transfers in	-	194,341	211,852	400,350	806,543
Total Other Financing Sources (Uses)	<u>-</u>	<u>194,341</u>	<u>211,852</u>	<u>400,350</u>	<u>806,543</u>
Net Change in Fund Balance	837,551	(2,606)	-	-	834,945
Fund Balance - Beginning of the Year	<u>2,900,498</u>	<u>30,295</u>	<u>-</u>	<u>-</u>	<u>2,930,793</u>
Fund Balance - End of the Year	<u>\$ 3,738,049</u>	<u>\$ 27,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,765,738</u>

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Special Revenue Fund
Supplemental Capital Construction, Technology, and Maintenance Fund
For the Year Ended June 30, 2019
(With Comparative Totals For the Year Ended 2018)

	<u>2019</u>			<u>Variance</u>	<u>2018</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u> <u>Amounts</u>	<u>Positive</u> <u>(Negative)</u>	<u>Actual</u> <u>Amounts</u>
Revenues:					
General property taxes	\$ 1,892,300	\$ 1,892,300	\$ 1,876,410	\$ (15,890)	\$ 1,857,413
Total Revenues	<u>1,892,300</u>	<u>1,892,300</u>	<u>1,876,410</u>	<u>(15,890)</u>	<u>1,857,413</u>
Expenditures:					
Indirect instruction	498,000	498,000	475,574	22,426	235,021
Custodial and maintenance	60,000	60,000	99,192	(39,192)	48,000
Support services	152,000	152,000	125,711	26,289	167,494
General administration	15,000	15,000	4,704	10,296	4,636
Capital Outlay	180,000	380,000	333,678	46,322	35,200
Total Expenditures	<u>905,000</u>	<u>1,105,000</u>	<u>1,038,859</u>	<u>66,141</u>	<u>490,351</u>
Net Change in Fund Balance	987,300	787,300	837,551	50,251	1,367,062
Fund Balance - Beginning of the Year	<u>2,647,652</u>	<u>2,647,652</u>	<u>2,900,498</u>	<u>252,846</u>	<u>1,533,436</u>
Fund Balance - End of the Year	<u>\$ 3,634,952</u>	<u>\$ 3,434,952</u>	<u>\$ 3,738,049</u>	<u>\$ 303,097</u>	<u>\$ 2,900,498</u>

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Special Revenue Fund
Food Service Fund
For the Year Ended June 30, 2019
(With Comparative Totals For the Year Ended 2018)

	2019			Variance Positive (Negative)	2018
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
Revenues:					
Federal sources	\$ 789,270	\$ 723,070	\$ 731,017	\$ 7,947	\$ 762,438
State sources	30,660	30,660	29,751	(909)	26,127
Food sales	605,470	605,470	629,413	23,943	579,546
Total Revenues	<u>1,425,400</u>	<u>1,359,200</u>	<u>1,390,181</u>	<u>30,981</u>	<u>1,368,111</u>
Expenditures:					
Food Service Operations:					
Salaries and employee benefits	768,450	768,450	778,771	(10,321)	718,475
Purchased services	200,940	200,940	201,930	(990)	199,980
Supplies	25,000	25,000	29,217	(4,217)	27,973
Food costs	578,110	611,910	577,210	34,700	548,402
Total Expenditures	<u>1,572,500</u>	<u>1,606,300</u>	<u>1,587,128</u>	<u>19,172</u>	<u>1,494,830</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(147,100)</u>	<u>(247,100)</u>	<u>(196,947)</u>	<u>50,153</u>	<u>(126,719)</u>
Other Financing Sources (Uses):					
Transfers in (out)	147,100	247,100	194,341	(52,759)	121,969
Total Other Financing Sources (Uses)	<u>147,100</u>	<u>247,100</u>	<u>194,341</u>	<u>(52,759)</u>	<u>121,969</u>
Net Change in Fund Balance	-	-	(2,606)	(2,606)	(4,750)
Fund Balance - Beginning of the Year	<u>35,045</u>	<u>35,045</u>	<u>30,295</u>	<u>(4,750)</u>	<u>35,045</u>
Fund Balance - End of the Year	<u>\$ 35,045</u>	<u>\$ 35,045</u>	<u>\$ 27,689</u>	<u>\$ (7,356)</u>	<u>\$ 30,295</u>

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Special Revenue Fund
Kindergarten Fund
For the Year Ended June 30, 2019
(With Comparative Totals For the Year Ended 2018)

	<u>2019</u>			<u>Variance Positive (Negative)</u>	<u>2018</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>		<u>Actual Amounts</u>
Revenues:					
General property taxes	\$ 709,000	\$ 709,000	\$ 805,416	\$ 96,416	\$ 832,474
Total Revenues	<u>709,000</u>	<u>709,000</u>	<u>805,416</u>	<u>96,416</u>	<u>832,474</u>
Expenditures:					
Direct instruction	1,059,100	1,059,100	1,015,248	43,852	1,056,010
General administration	-	-	2,020	(2,020)	2,076
Total Expenditures	<u>1,059,100</u>	<u>1,059,100</u>	<u>1,017,268</u>	<u>41,832</u>	<u>1,058,086</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(350,100)</u>	<u>(350,100)</u>	<u>(211,852)</u>	<u>138,248</u>	<u>(225,612)</u>
Other Financing Sources:					
Transfers in	350,100	350,100	211,852	(138,248)	225,612
Total Other Financing Sources	<u>350,100</u>	<u>350,100</u>	<u>211,852</u>	<u>(138,248)</u>	<u>225,612</u>
Net Change in Fund Balance	-	-	-	-	-
Fund Balance - Beginning of the Year	-	-	-	-	-
Fund Balance - End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Special Revenue Fund
Transportation Fund
For the Year Ended June 30, 2019
(With Comparative Totals For the Year Ended 2018)

	<u>2019</u>			<u>Variance Positive (Negative)</u>	<u>2018</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>		<u>Actual Amounts</u>
Revenues:					
General property taxes	\$ 882,000	\$ 882,000	\$ 876,375	\$ (5,625)	\$ 879,870
State sources	288,000	288,000	287,728	(272)	288,885
Other revenue	180,000	180,000	168,293	(11,707)	188,438
Total Revenues	<u>1,350,000</u>	<u>1,350,000</u>	<u>1,332,396</u>	<u>(17,604)</u>	<u>1,357,193</u>
Expenditures:					
Transportation	1,633,800	1,633,800	1,517,342	116,458	1,500,674
Custodial maintenance	34,700	34,700	31,464	3,236	51,257
General administration	-	-	2,187	(2,187)	2,195
Capital outlay	186,500	186,500	181,753	4,747	151,954
Total Expenditures	<u>1,855,000</u>	<u>1,855,000</u>	<u>1,732,746</u>	<u>122,254</u>	<u>1,706,080</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(505,000)</u>	<u>(505,000)</u>	<u>(400,350)</u>	<u>104,650</u>	<u>(348,887)</u>
Other Financing Sources:					
Transfers in	505,000	505,000	400,350	(104,650)	348,887
Total Other Financing Sources	<u>505,000</u>	<u>505,000</u>	<u>400,350</u>	<u>(104,650)</u>	<u>348,887</u>
Net Change in Fund Balance	-	-	-	-	-
Fund Balance - Beginning of the Year	-	-	-	-	-
Fund Balance - End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Schedule of Revenues, Expenses, and Change in Net Position - Budget and Actual (GAAP BASIS)
Internal Service Fund
Health Benefits Fund
For the Year Ended June 30, 2019
(With Comparative Totals For the Year Ended 2018)

	<u>2019</u>			<u>Variance Positive (Negative)</u>	<u>2018</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>		<u>Actual Amounts</u>
Revenues:					
Insurance premiums	\$ 4,219,600	\$ 4,219,600	\$ 4,267,506	\$ 47,906	\$ 4,193,146
Stop loss reimbursements	35,000	35,000	579,733	544,733	-
Other revenue	15,000	15,000	-	(15,000)	-
Total Revenues	<u>4,269,600</u>	<u>4,269,600</u>	<u>4,847,239</u>	<u>577,639</u>	<u>4,193,146</u>
Expenses:					
Claim losses	3,496,100	3,496,100	3,270,216	225,884	2,853,339
Premiums paid	535,200	535,200	532,485	2,715	421,125
Fees and supplies	238,300	238,300	302,869	(64,569)	255,308
Total Expenses	<u>4,269,600</u>	<u>4,269,600</u>	<u>4,105,570</u>	<u>164,030</u>	<u>3,529,772</u>
Change in Net Position	-	-	741,669	741,669	663,374
Net Position - Beginning of the Year	<u>982,311</u>	<u>982,311</u>	<u>1,478,049</u>	<u>495,738</u>	<u>814,675</u>
Net Position - End of the Year	<u>\$ 982,311</u>	<u>\$ 982,311</u>	<u>\$ 2,219,718</u>	<u>\$ 1,237,407</u>	<u>\$ 1,478,049</u>

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Schedule of Fiduciary Fund Increases and Decreases - Budget and Actual (GAAP Basis)
Fiduciary Fund
Student Activities Fund
For the Year Ended June 30, 2019
(With Comparative Totals For the Year Ended 2018)

	<u>2019</u>			Variance Positive (Negative)	<u>2018</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>		<u>Actual Amounts</u>
Increases:					
Student activities	\$ 950,000	\$ 950,000	\$ 856,527	\$ (93,473)	\$ 856,232
Total Increases	<u>950,000</u>	<u>950,000</u>	<u>856,527</u>	<u>(93,473)</u>	<u>856,232</u>
Decreases:					
Student activities	950,000	950,000	821,021	128,979	852,079
Total Decreases	<u>950,000</u>	<u>950,000</u>	<u>821,021</u>	<u>128,979</u>	<u>852,079</u>
 Change in Due to Students	 -	 -	 35,506	 35,506	 4,153
Due to Students - Beginning of the Year	<u>750,000</u>	<u>750,000</u>	<u>695,244</u>	<u>(54,756)</u>	<u>691,091</u>
Due to Students - End of the Year	<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ 730,750</u>	<u>\$ (19,250)</u>	<u>\$ 695,244</u>

SUMMIT SCHOOL DISTRICT
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule by Source
June 30, 2019 and 2018

	2019	2018
Governmental funds capital assets:		
Land	\$ 10,200,702	\$ 10,173,867
Construction in progress	986,796	44,824,438
Buildings	155,041,336	89,699,928
Equipment and vehicles	2,604,745	2,366,290
Total governmental funds capital assets	\$ 168,833,579	\$ 147,064,523



Colorado Department of Education
Auditors Integrity Report
 District: 3000 - Summit RE-1
 Fiscal Year 2018-19
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	11,523,773	39,234,676	38,287,864	12,470,585
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	11,523,773	39,234,676	38,287,864	12,470,585
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	2,900,500	1,876,410	1,038,858	3,738,052
21 Food Service Spec Revenue Fund	30,294	1,584,521	1,587,126	27,689
22 Govt Designated-Purpose Grants Fund	0	1,518,838	1,518,838	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	1,017,268	1,017,268	0
25 Transportation Fund	0	1,732,746	1,732,746	0
31 Bond Redemption Fund	10,626,158	8,539,525	9,239,674	9,926,009
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	34,323,399	2,216,972	31,192,679	5,347,691
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	164,425	132	93,487	71,069
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	59,568,549	57,721,088	85,708,540	31,581,097
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	1,478,049	2,075,640	1,333,969	2,219,719
Totals	1,478,049	2,075,640	1,333,969	2,219,719
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	695,242	856,527	821,021	730,748
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	695,242	856,527	821,021	730,748

FINAL

Summit School District RE-1

Statistical Section



SUMMIT SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities				
Net investment in capital assets	\$ 54,507,662	\$ 61,080,885	\$ 63,252,393	\$ 63,712,856
Restricted	13,895,462	13,998,118	11,050,520	10,148,787
Unrestricted	4,178,161	1,704,207	6,972,441	10,330,700
Total governmental activities net position	<u>\$ 72,581,285</u>	<u>\$ 76,783,210</u>	<u>\$ 81,275,354</u>	<u>\$ 84,192,343</u>
Business-type activities				
Net investment in capital assets	\$ 210,911	\$ 293,533	\$ 293,533	\$ 242,687
Restricted				
Unrestricted	(111,706)	(293,533)	(293,533)	(242,687)
Total business-type activities net position	<u>\$ 99,205</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government				
Net investment in capital assets	\$ 54,718,573	\$ 61,374,418	\$ 63,545,926	\$ 63,955,543
Restricted	13,895,462	13,998,118	11,050,520	10,148,787
Unrestricted	4,066,455	1,410,674	6,678,908	10,088,013
Total primary government net position	<u>\$ 72,680,490</u>	<u>\$ 76,783,210</u>	<u>\$ 81,275,354</u>	<u>\$ 84,192,343</u>

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 69,416,544	\$ 72,667,600	\$ 76,981,982	\$ 81,459,310	\$ 90,352,476	\$ 82,589,481
6,838,476	6,841,119	8,223,532	11,959,878	11,920,347	11,259,848
9,944,710	(54,053,507)	(59,706,559)	(85,150,848)	(121,752,328)	(104,474,834)
<u>\$ 86,199,730</u>	<u>\$ 25,455,212</u>	<u>\$ 25,498,955</u>	<u>\$ 8,268,340</u>	<u>\$(19,479,505)</u>	<u>\$ (10,625,505)</u>
\$ 215,110	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ 215,110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 69,631,654	\$ 72,667,600	\$ 76,981,982	\$ 81,459,310	\$ 90,352,476	\$ 82,589,481
6,838,476	6,841,119	8,223,532	11,959,878	11,920,347	11,259,848
9,944,710	(54,053,507)	(59,706,559)	(85,150,848)	(121,752,328)	(104,474,834)
<u>\$ 86,414,840</u>	<u>\$ 25,455,212</u>	<u>\$ 25,498,955</u>	<u>\$ 8,268,340</u>	<u>\$(19,479,505)</u>	<u>\$ (10,625,505)</u>

SUMMIT SCHOOL DISTRICT

Changes in Net Position

Last Ten Fiscal Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses				
Governmental activities:				
Current:				
Direct instruction	\$ 19,112,345	\$ 20,306,061	\$ 19,635,115	\$ 19,854,822
Indirect instruction	3,812,100	3,708,922	3,749,773	3,915,178
Transportation	1,323,920	1,214,959	1,394,134	1,383,515
Custodial and maintenance	3,835,553	4,076,282	3,808,537	3,991,627
Support services	4,301,772	4,551,627	1,941,599	1,896,973
General and school administration	2,474,196	2,360,520	2,491,724	2,509,597
Food service	-	-	-	-
Community service	306,585	258,192	22,723	24,233
Property	-	-	-	-
Interest	3,095,643	2,801,166	1,460,123	2,126,807
Depreciation - unallocated	-	-	-	-
Total governmental activities	<u>38,262,114</u>	<u>39,277,729</u>	<u>34,503,728</u>	<u>35,702,752</u>
Business-type activities				
Food services	1,023,826	1,051,185	1,037,723	1,107,934
Total business-type activities	<u>1,023,826</u>	<u>1,051,185</u>	<u>1,037,723</u>	<u>1,107,934</u>
Total primary government expenses	<u>\$ 39,285,940</u>	<u>\$ 40,328,914</u>	<u>\$ 35,541,451</u>	<u>\$ 36,810,686</u>
Program revenues				
Governmental activities:				
Charges for service	\$ 3,870,226	\$ 3,638,916	\$ 501,359	526,726
Operating grant and contributions	1,614,075	1,986,712	1,640,777	1,674,217
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	<u>5,484,301</u>	<u>5,625,628</u>	<u>2,142,136</u>	<u>2,200,943</u>
Business-type activities:				
Charges for service				
Food service	538,932	553,810	483,928	511,525
Operating grant and contributions	470,710	499,934	514,196	585,266
Capital grants and contributions	117,325	-	-	-
Total business-type activities program revenues	<u>1,126,967</u>	<u>1,053,744</u>	<u>998,124</u>	<u>1,096,791</u>
Total primary government program revenues	<u>\$ 6,611,268</u>	<u>\$ 6,679,372</u>	<u>\$ 3,140,260</u>	<u>\$ 3,297,734</u>

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 21,213,086	\$ 23,146,035	\$ 25,694,346	\$ 40,191,071	\$ 44,942,334	\$ 26,456,861
4,602,626	5,063,052	6,434,647	8,858,221	10,050,337	6,183,136
1,477,468	1,587,103	1,677,439	2,421,939	2,695,616	1,673,917
4,255,401	4,063,683	4,300,999	5,887,850	5,957,536	4,728,831
2,266,448	2,291,662	2,840,564	3,094,154	3,373,832	2,396,478
2,579,159	2,867,470	3,091,129	4,455,016	5,727,440	3,055,948
-	1,266,894	1,375,844	1,895,000	2,118,811	1,471,318
-	-	-	-	-	2,750
-	-	-	-	-	-
1,664,981	1,320,485	1,010,717	1,234,003	3,243,610	3,020,278
-	-	-	-	-	-
<u>38,059,169</u>	<u>41,606,384</u>	<u>46,425,685</u>	<u>68,037,254</u>	<u>78,109,516</u>	<u>48,989,517</u>
1,207,215	-	-	-	-	-
<u>1,207,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 39,266,384</u>	<u>\$ 41,606,384</u>	<u>\$ 46,425,685</u>	<u>\$ 68,037,254</u>	<u>\$ 78,109,516</u>	<u>\$ 48,989,517</u>
587,089	940,015	1,030,502	1,154,951	1,173,558	1,248,016
1,487,886	2,521,010	2,705,099	2,939,785	2,866,329	4,351,476
-	-	-	-	-	-
<u>2,074,975</u>	<u>3,461,025</u>	<u>3,735,601</u>	<u>4,094,736</u>	<u>4,039,887</u>	<u>5,599,492</u>
493,890	-	-	-	-	-
651,045	-	-	-	-	-
-	-	-	-	-	-
<u>1,144,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 3,219,910</u>	<u>\$ 3,461,025</u>	<u>\$ 3,735,601</u>	<u>\$ 4,094,736</u>	<u>\$ 4,039,887</u>	<u>\$ 5,599,492</u>

SUMMIT SCHOOL DISTRICT
Changes in Net Position - Continued
Last Ten Fiscal Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net (Expense) / Revenue				
Governmental activities	\$ (32,777,813)	\$ (33,652,101)	\$ (32,361,592)	\$ (33,501,809)
Business-type activities	103,141	2,559	(39,599)	(11,143)
Total primary government net expense	<u>\$ (32,674,672)</u>	<u>\$ (33,649,542)</u>	<u>\$ (32,401,191)</u>	<u>\$ (33,512,952)</u>

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes				
Local property taxes	\$ 40,479,588	\$ 35,115,092	\$ 32,333,739	\$ 31,734,595
Specific ownership taxes	1,523,717	1,316,397	1,288,349	1,375,567
State revenue	628,368	485,613	2,708,994	2,716,960
Grants not restricted to specific programs	1,460,516	808,368	536,946	452,934
Gain (loss) on asset disposition	(929,329)	5,254	11,453	11,453
Interest and investment earnings	41,602	24,098	13,854	23,374
Miscellaneous	-	-	-	-
Transfers	-	99,205	(39,599)	(11,143)
Total governmental activities	<u>43,204,462</u>	<u>37,854,027</u>	<u>36,853,736</u>	<u>36,303,740</u>

Business-type activities:

Gain (loss) on asset disposition	(3,936)	(2,559)	-	-
Interest and investment earnings	-	-	-	-
Transfers	-	(99,205)	39,599	11,143
Total business-type activities	<u>(3,936)</u>	<u>(101,764)</u>	<u>39,599</u>	<u>11,143</u>
Total primary government	<u>\$ 43,200,526</u>	<u>\$ 37,752,263</u>	<u>\$ 36,893,335</u>	<u>\$ 36,314,883</u>

Change in Net Position

Governmental activities	\$ 10,426,649	\$ 4,201,926	\$ 4,492,144	\$ 2,916,991
Business-type activities	99,205	(99,205)	-	-
Total primary government	<u>\$ 10,525,854</u>	<u>\$ 4,102,721</u>	<u>\$ 4,492,144</u>	<u>\$ 2,916,991</u>

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ (35,984,194)	\$ (38,145,359)	\$ (42,690,084)	\$ (63,942,518)	\$ (74,069,629)	\$ (43,390,025)
(62,280)	-	-	-	-	-
<u>\$ (36,046,474)</u>	<u>\$ (38,145,359)</u>	<u>\$ (42,690,084)</u>	<u>\$ (63,942,518)</u>	<u>\$ (74,069,629)</u>	<u>\$ (43,390,025)</u>

\$ 31,232,839	\$ 31,218,782	\$ 33,798,849	\$ 36,620,422	\$ 38,191,958	\$ 38,381,181
1,590,334	1,653,562	1,738,337	1,910,831	2,236,696	2,211,655
4,769,090	6,293,409	6,439,603	6,934,642	7,342,132	9,685,376
471,692	641,786	741,877	816,908	968,889	1,068,667
188,754	4,000	(4,345)	30,760	-	22,087
16,261	13,459	19,506	398,340	1,205,270	875,059
-	-	-	-	-	-
(277,390)	-	-	-	-	-
<u>37,991,580</u>	<u>39,824,998</u>	<u>42,733,827</u>	<u>46,711,903</u>	<u>49,944,945</u>	<u>52,244,025</u>

-	-	-	-	-	-
-	-	-	-	-	-
277,390	-	-	-	-	-
<u>277,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 38,268,970</u>	<u>\$ 39,824,998</u>	<u>\$ 42,733,827</u>	<u>\$ 46,711,903</u>	<u>\$ 49,944,945</u>	<u>\$ 52,244,025</u>

\$ 2,007,386	\$ 1,679,639	\$ 43,743	\$ (17,230,615)	\$ (24,124,684)	\$ 8,854,000
215,110	-	-	-	-	-
<u>\$ 2,222,496</u>	<u>\$ 1,679,639</u>	<u>\$ 43,743</u>	<u>\$ (17,230,615)</u>	<u>\$ (24,124,684)</u>	<u>\$ 8,854,000</u>

SUMMIT SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund				
Non-spendable	306,854	60,244	70,105	46,042
Spendable				
Restricted	715,800	724,600	678,000	678,000
Committed	-	2,157,631	2,157,631	-
Assigned	-	336,000	-	-
Unassigned	2,598,871	3,114,216	4,687,560	7,664,114
Total general fund	<u>\$ 3,621,525</u>	<u>\$ 6,392,691</u>	<u>\$ 7,593,296</u>	<u>\$ 8,388,156</u>
All Other Governmental Funds				
Reserved	\$ 12,872,808	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Non-spendable	-	-	-	-
Spendable				
Restricted	3,039,336	10,745,998	10,372,520	10,148,787
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 15,912,144</u>	<u>\$ 10,745,998</u>	<u>\$ 10,372,520</u>	<u>\$ 10,148,787</u>
Total Governmental Funds				
Reserved	\$ 12,872,808	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Non-spendable	306,854	60,244	70,105	46,042
Spendable				
Restricted	3,755,136	11,470,598	11,050,520	10,826,787
Committed	-	2,157,631	2,157,631	-
Assigned	-	336,000	-	-
Unassigned	2,598,871	3,114,216	4,687,560	7,664,114
Total governmental funds	<u>\$ 19,533,669</u>	<u>\$ 17,138,689</u>	<u>\$ 17,965,816</u>	<u>\$ 18,536,943</u>

Fiscal Year					
2014	2015	2016	2017	2018	2019
46,702	156,913	106,782	86,195	76,003	181,319
797,200	783,600	852,100	924,700	953,900	1,007,900
-	-	-	-	-	-
-	-	-	-	-	-
7,855,994	8,603,375	8,607,808	9,146,519	10,493,869	11,281,366
<u>\$ 8,699,896</u>	<u>\$ 9,543,888</u>	<u>\$ 9,566,690</u>	<u>\$ 10,157,414</u>	<u>\$ 11,523,772</u>	<u>\$ 12,470,585</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	34,969	35,045	30,295	27,689
-	-	-	-	-	-
6,041,276	6,057,519	7,371,432	11,035,178	10,626,157	9,926,008
-	-	-	1,533,436	2,900,498	3,738,049
2,179,482	2,112,889	602,146	72,429,127	34,487,824	5,418,762
-	-	-	-	-	-
<u>\$ 8,220,758</u>	<u>\$ 8,170,408</u>	<u>\$ 8,008,547</u>	<u>\$ 85,032,786</u>	<u>\$ 48,044,774</u>	<u>\$ 19,110,508</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
46,702	156,913	141,751	121,240	106,298	209,008
6,838,476	6,841,119	8,223,532	11,959,878	11,580,057	10,933,908
-	-	-	1,533,436	2,900,498	3,738,049
2,179,482	2,112,889	602,146	72,429,127	34,487,824	5,418,762
7,855,994	8,603,375	8,607,808	9,146,519	10,493,869	11,281,366
<u>\$ 16,920,654</u>	<u>\$ 17,714,296</u>	<u>\$ 17,575,237</u>	<u>\$ 95,190,200</u>	<u>\$ 59,568,546</u>	<u>\$ 31,581,093</u>

SUMMIT SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

REVENUES	2010	2011	2012	2013
Taxes				
Property taxes	\$39,896,928	\$35,786,049	\$32,439,713	\$ 31,917,824
Specific ownership taxes	1,523,717	1,316,397	1,288,349	1,375,567
Federal income	1,005,856	1,456,717	1,117,390	1,104,832
State income	897,346	588,337	2,899,128	2,932,733
Investment Income	41,603	24,098	13,854	23,374
Other	1,964,672	1,873,161	1,383,010	1,459,786
Total revenues	<u>45,330,122</u>	<u>41,044,759</u>	<u>39,141,444</u>	<u>38,814,116</u>
EXPENDITURES				
Current:				
Direct instruction	17,887,948	18,451,654	18,187,505	18,461,853
Indirect instruction	3,498,222	3,423,021	3,425,574	3,569,447
Transportation	1,452,804	1,564,199	1,653,349	1,335,056
Custodial and maintenance	3,520,346	3,610,042	3,717,314	3,657,284
Support services	1,695,846	1,715,008	1,817,730	1,770,773
General and school administration	2,292,424	2,168,059	2,215,134	2,301,459
Food service operations				
Community service	281,342	238,344	-	-
Debt Service:				
Principal	4,232,445	4,350,000	4,550,000	4,760,000
Interest	2,951,024	2,763,536	2,057,726	2,250,595
Capital outlay	7,696,671	5,385,878	445,694	803,379
Total expenditures	<u>45,509,072</u>	<u>43,669,741</u>	<u>38,070,026</u>	<u>38,909,846</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(178,950)</u>	<u>(2,624,982)</u>	<u>1,071,418</u>	<u>(95,730)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of bonds	-	-	34,522,309	-
Payment to refunded debt escrow agent	-	-	(38,148,852)	-
Premium on bond issuance	-	-	3,768,231	-
Bond issuance costs	-	-	(346,379)	-
Property settlement	-	-	341,090	-
Operating transfers (in/out)	-	230,002	(380,689)	(11,143)
Total other financing sources (uses)	<u>-</u>	<u>230,002</u>	<u>(244,290)</u>	<u>(11,143)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (178,950)</u>	<u>\$ (2,394,980)</u>	<u>\$ 827,128</u>	<u>\$ (106,873)</u>
Debt service as a percentage of noncapital expenditures	19.0%	18.6%	17.6%	18.4%

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 31,294,087	\$ 31,270,541	\$ 33,709,697	\$ 36,739,092	\$ 38,150,372	\$ 38,315,011
1,590,334	1,653,562	1,738,337	1,910,831	2,236,696	2,211,655
889,405	1,648,293	1,695,126	1,787,755	1,813,207	1,839,309
5,087,451	6,899,428	7,050,963	7,651,938	8,121,708	11,775,031
16,261	13,459	19,506	398,340	1,205,270	875,059
1,527,655	1,852,500	2,175,241	2,437,354	2,415,987	2,705,024
<u>40,405,193</u>	<u>43,337,783</u>	<u>46,388,870</u>	<u>50,925,310</u>	<u>53,943,240</u>	<u>57,721,089</u>
19,219,670	20,092,238	21,106,751	22,754,888	23,130,414	25,576,277
4,219,175	4,427,418	5,547,187	5,173,184	5,566,875	6,336,656
1,597,231	1,529,765	1,758,638	1,745,476	1,500,674	1,562,221
3,890,907	3,677,108	3,733,441	3,655,064	3,915,780	4,345,576
1,920,905	2,008,723	2,308,313	2,188,439	2,329,030	2,196,813
2,300,791	2,478,405	2,517,211	2,624,234	2,991,115	3,050,692
-	1,203,083	1,283,224	1,420,355	1,494,830	1,599,036
-	-	-	-	-	-
4,965,000	5,325,000	5,035,000	2,885,000	4,925,000	5,345,000
1,773,170	1,412,570	1,118,523	1,991,268	4,042,600	3,874,200
1,179,243	389,830	2,119,641	7,266,446	39,668,576	31,822,071
<u>41,066,092</u>	<u>42,544,140</u>	<u>46,527,929</u>	<u>51,704,354</u>	<u>89,564,894</u>	<u>85,708,542</u>
<u>(660,899)</u>	<u>793,643</u>	<u>(139,059)</u>	<u>(779,044)</u>	<u>(35,621,654)</u>	<u>(27,987,453)</u>
-	-	-	68,445,000.00	-	-
-	-	-	-	-	-
-	-	-	9,949,006.00	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(277,390)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(277,390)</u>	<u>-</u>	<u>-</u>	<u>78,394,006</u>	<u>-</u>	<u>-</u>
<u>\$ (938,289)</u>	<u>\$ 793,643</u>	<u>\$ (139,059)</u>	<u>\$ 77,614,962</u>	<u>\$ (35,621,654)</u>	<u>\$ (27,987,453)</u>
16.9%	16.0%	13.9%	11.0%	18.0%	17.1%

SUMMIT SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property		Personal Property	
	Assessed Value	Actual Value	Assessed Value	Actual Value
2009	1,838,924,965	17,654,636,004	98,775,021	340,609,861
2010	1,841,102,452	17,816,883,261	93,606,842	322,788,111
2011	1,506,745,732	14,703,209,102	95,151,121	328,112,854
2012	1,508,845,585	14,799,695,253	92,748,898	319,829,354
2013	1,447,113,911	14,258,248,662	96,286,458	332,027,182
2014	1,458,034,820	14,430,227,120	102,719,660	354,210,610
2015	1,600,747,120	15,869,133,660	133,169,740	459,206,010
2016	1,613,996,210	16,109,753,170	131,985,310	455,121,740
2017	1,735,358,263	18,797,206,084	135,744,439	468,084,134
2018	1,756,592,610	19,167,843,410	141,126,580	486,643,210

Source: Summit County Assessor's Office

** Per \$1,000 of assessed value

Note: The assessment ratios for all taxable property in the State of Colorado are as follows:

Years	Residential	Commercial
2009	7.96%	29.00%
2010	7.96%	29.00%
2011	7.96%	29.00%
2012	7.96%	29.00%
2013	7.96%	29.00%
2014	7.96%	29.00%
2015	7.96%	29.00%
2016	7.96%	29.00%
2017	7.20%	29.00%
2018	7.20%	29.00%

Real Property Exemptions		Total Taxable Value		Total Direct Tax Rate**
Assessed Value	Actual Value	Assessed Value	Actual Value	
86,163,341	297,116,514	2,023,863,327	18,292,362,379	12.602
89,659,858	309,358,961	2,024,369,152	18,449,030,333	12.595
91,240,000	314,808,444	1,693,136,853	15,346,130,400	12.796
91,999,064	317,239,990	1,693,593,547	15,436,764,597	12.824
91,676,980	316,129,325	1,635,077,349	14,906,405,169	12.789
92,154,970	317,777,420	1,652,909,450	15,102,215,150	15.173
92,928,560	320,443,210	1,826,845,420	16,648,782,880	15.072
134,260,190	426,996,030	1,880,241,710	17,027,870,940	15.086
138,136,616	476,333,058	2,009,239,318	19,741,623,276	14.986
140,486,340	484,435,550	2,038,205,530	20,138,922,170	19.643

SUMMIT SCHOOL DISTRICT
Assessed Valuation of Classes of Property in the District
Last Five Fiscal Years

Class	2014		2015	
	Assessed Value	Percent of Total	Assessed Value	Percent of Total
Residential	\$ 1,026,528,980	66.09%	\$ 1,130,019,550	65.47%
Commercial	330,253,330	21.26%	357,012,970	20.68%
Industrial	19,702,890	1.27%	46,583,100	2.70%
Agricultural	858,750	0.06%	1,018,650	0.06%
Natural Resources	761,060	0.05%	885,260	0.05%
Vacant	138,642,350	8.93%	151,127,080	8.76%
State Assessed	36,586,520	2.36%	39,349,310	2.28%
TOTAL	\$ 1,553,333,880	100.00%	\$ 1,725,995,920	100.00%

Source: Summit County Assessor's Office

2016		2017		2018	
Assessed Value	Percent of Total	Assessed Value	Percent of Total	Assessed Value	Percent of Total
\$ 1,268,780,358	73.00%	\$ 1,348,278,983	72.52%	\$ 1,370,375,601	72.76%
370,917,264	21.34%	411,392,083	22.13%	419,509,544	22.27%
43,705,466	2.51%	42,807,527	2.30%	39,274,586	2.09%
4,155,567	0.24%	4,173,308	0.22%	3,944,172	0.21%
850,912	0.05%	925,115	0.05%	939,386	0.05%
8,444,971	0.49%	8,857,568	0.48%	7,768,124	0.41%
41,308,061	2.38%	42,781,076	2.30%	41,664,016	2.21%
<u>\$ 1,738,162,600</u>	<u>100.01%</u>	<u>\$ 1,859,215,660</u>	<u>100.00%</u>	<u>\$ 1,883,475,430</u>	<u>100.00%</u>

SUMMIT SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Summit School District				
General operations	12.832	13.923	14.635	14.677
General obligation debt service	3.886	3.582	4.492	4.331
Full day kindergarten	0.451	0.403	0.524	0.472
Transportation	0.371	0.456	0.551	0.551
Special building and technology	3.396	-	-	-
Total direct property tax rate	<u>20.936</u>	<u>18.364</u>	<u>20.202</u>	<u>20.031</u>
Overlapping Rates				
Summit County Government	12.602	12.595	12.796	12.824
Colorado Mountain College	3.997	3.997	3.997	3.997
Town of Blue River	11.293	12.060	12.290	12.290
Town of Breckenridge	6.957	6.945	6.945	6.945
Town of Dillon	2.859	2.678	3.329	3.351
Town of Frisco	0.798	0.798	0.798	0.798
Town of Montezuma	3.188	3.188	3.188	3.188
Town of Silverthorne	-	-	-	-
Alpensee Water District	50.000	50.000	50.000	50.000
Alpine Metro District	20.000	20.000	-	-
Breckenridge Mt Metro District	25.000	25.000	25.000	25.000
Buffalo Mt Metro District	11.750	11.750	15.000	15.000
Colorado River Water Conservation District	0.167	0.188	0.228	0.242
Copper Mt Cons Metro District	25.200	27.300	31.584	29.467
Corinthian Hills Metro District	8.202	8.252	10.055	10.258
Dillon Fire Protection District	-	-	-	-
Dillon Valley Metro District	-	-	-	-
Eagles Nest Metropolitan District	15.076	15.028	15.022	15.157
East Dillon Water District	2.835	2.811	3.525	3.527
Frisco Fire Protection District	-	-	-	-
Frisco Sanitation District	-	-	-	-
Hamilton Creek Metro District	40.000	40.000	40.000	40.000
Heeney Water District	6.960	6.960	6.960	6.960
Kremmling Memorial Hospital District	3.200	3.428	4.031	4.412
Lake Dillon Fire Protection District	8.295	8.279	8.284	9.021
Lower Blue Fire Protection District	4.240	4.308	4.095	4.305
Middle Park Water Conservancy District	0.056	0.056	0.056	0.056
Red, White & Blue Fire Protection District	8.500	8.500	9.000	9.098
Silverthorne Fire Protection District	-	-	-	-
Snake River Fire Protection District	0.500	0.400	0.460	0.360
Snake River Water District	-	-	-	-
South Maryland Creek Metro District	-	-	-	-
Swan's Nest Metro District	35.000	35.000	35.000	35.000
Timber Creek Water District	10.000	10.000	10.000	10.000
Willow Brook Metro District	49.000	49.000	51.773	59.395
Willow Brook Metro District (Bond Only)	17.474	-	-	-

Source: Summit County Assessor's Office

Note: The District's property tax rate may be increased only by a majority vote of the District's residents.

Rates for debt service are set based on each year's requirements.

Overlapping rates are those of local and county governments that apply to property owners within the boundaries of the Summit School District. Not all overlapping rates apply to all Summit School District property owners; for example, although the County property tax rate apply to all school district property owners the Snake River Fire Protection District rates apply only to the residents of Keystone whose property is located within that district's geographic boundaries.

Fiscal Year					
2014	2015	2016	2017	2018	2019
14.708	14.670	14.273	14.278	13.993	13.971
4.421	4.350	4.350	4.921	4.611	4.550
0.573	0.548	0.485	0.445	0.473	0.429
0.573	0.567	0.510	0.507	0.448	0.467
-	-	-	1.000	1.000	1.000
20.275	20.135	19.618	21.151	20.525	20.417
12.789	15.173	15.072	15.086	14.986	19.643
3.997	3.997	3.997	3.997	3.997	3.997
12.290	12.314	12.308	12.324	12.290	12.290
5.070	5.070	5.070	5.070	5.070	5.070
3.351	3.351	3.351	3.351	3.338	3.351
0.798	0.798	0.798	0.798	0.798	0.798
3.188	3.188	3.188	3.188	3.188	3.188
-	-	-	-	-	0.000
50.000	50.000	50.000	50.000	50.000	50.000
-	-	-	-	-	0.000
25.000	25.000	25.000	25.750	25.750	24.500
15.000	15.000	15.000	15.000	15.000	15.000
0.254	0.025	0.243	0.253	0.254	0.256
30.500	30.632	29.136	40.644	39.790	39.735
10.400	9.000	9.000	9.064	10.400	11.073
-	-	-	-	-	0.000
-	-	-	-	-	0.000
15.007	15.023	15.000	15.020	15.052	3.757
3.699	3.684	3.380	3.373	3.244	3.224
-	-	-	-	-	0.000
-	-	-	-	-	0.000
40.000	40.000	40.000	40.000	40.000	40.000
6.960	6.960	6.960	6.960	6.960	6.960
5.604	6.556	6.556	7.045	7.045	7.045
9.014	9.016	9.026	9.023	9.003	9.007
4.305	4.199	4.026	4.067	3.694	3.694
0.056	0.056	0.055	0.055	0.055	0.055
9.014	9.018	9.004	9.038	9.008	9.015
-	-	-	-	-	0.000
0.340	-	-	-	-	0.000
-	-	-	-	-	0.000
-	-	-	17.000	63.016	63.016
35.000	35.000	35.000	35.000	35.000	35.000
10.000	10.000	10.000	10.000	10.000	10.000
61.717	62.130	61.840	61.840	62.400	81.883
-	-	-	-	-	0.000

**SUMMIT SCHOOL DISTRICT
Principal Property Tax Payers
Current Year and Ten Years Ago**

Taxpayer	Fiscal Year 2019*		Fiscal Year 2010*	
	Taxable Assessed Value	% of Total County Taxable Assessed Valuation	Taxable Assessed Value	% of Total County Taxable Assessed Valuation
Vail Summit Resorts Inc	\$ 77,108,357	4.06%	\$ 72,616,109	3.75%
Climax Molybdenum Company	39,571,888	2.09%	11,566,790	0.60%
Public Service Co Of Colorado	31,139,351	1.64%	17,370,491	0.90%
Powdr - Copper Mountain LLC	11,904,290	0.63%	21,305,951	1.10%
Craig Realty Group-Silverthorne LLC	10,671,990	0.56%	12,256,734	0.63%
Powdr - Copper Participation LLC	10,210,783	0.54%	-	0.00%
Gold Point Lodging & Realty Inc	9,186,655	0.48%	9,774,042	0.50%
Grand Lodge on Peak 7 Intrvl Owner Assoc	7,953,933	0.42%	-	0.00%
Peak 8 Properties LLC	7,667,447	0.40%	-	0.00%
Qwest Corporation - change to Peak 8 Properties LLC	-	0.00%	6,550,581	0.34%
Beaver Run Interim Centr Acquisition LLC	6,974,585	0.37%	5,834,693	0.30%
One Ski Hill Place LLC - change to Qwest Corporatic	-	0.00%	-	0.00%
AZCO II LLC - change to One Ski Hill Place LLC	-	0.00%	7,396,650	0.38%
PFG Alders Property LLC	-	0.00%	4,060,114	0.21%
CNL Income Copper LP - change to AZCO II LLC	-	0.00%	-	0.00%
Total for 10 largest taxpayers	\$ 212,389,279	11.19%	\$ 168,732,155	8.71%
Total for all other taxpayers	\$ 1,685,329,911	88.81%	\$ 1,768,967,835	91.29%
	\$ 1,897,719,190	100.00%	\$ 1,937,699,990	100.00%

Source: Summit County Assessor's Office

*School District Fiscal Year Ending June 30

SUMMIT SCHOOL DISTRICT
Property Tax Levies And Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collection to Date	
		Amount	% of Levy		Amount	Percentage of Levy
2010	40,394,031	38,081,384	94.3%	2,051,280	40,132,664	99.4%
2011	35,379,541	33,720,984	95.3%	1,595,750	35,316,734	99.8%
2012	32,222,763	31,231,401	96.9%	1,803,305	33,034,706	102.5%
2013	31,943,456	30,789,912	96.4%	1,120,054	31,909,966	99.9%
2014	31,146,546	30,110,670	96.7%	990,181	31,100,851	99.9%
2015	31,262,720	30,325,387	97.0%	897,613	31,223,000	99.9%
2016	33,832,580	32,755,051	96.8%	1,015,618	33,770,669	99.8%
2017	36,726,207	35,712,809	97.2%	1,007,111	36,719,920	100.0%
2018	38,160,402	37,018,599	97.0%	1,130,645	38,149,244	100.0%
2019	38,454,918	37,225,671	96.8%		37,225,671	96.8%

Collections through June 30, 2019

Source: Summit School District Business Services Department Property Tax Worksheet

SUMMIT SCHOOL DISTRICT
Ratio Of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Net Bonded Debt per Capita</u>	<u>Percentage of Median Household Income</u>
2010	58,480,000	2.89%	2,089	3.22%
2011	54,130,000	2.67%	1,937	2.89%
2012	49,500,000	2.92%	1,754	2.55%
2013	44,740,000	2.64%	1,556	2.29%
2014	39,775,000	2.43%	1,353	2.02%
2015	34,450,000	2.08%	1,157	1.72%
2016	29,415,000	1.61%	979	1.46%
2017	94,975,000	5.05%	3,115	4.64%
2018	90,050,000	4.48%	2,944	4.19%
2019	84,705,000	4.16%	2,732	3.72%

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

SUMMIT SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of June 30, 2019

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Alpensee Water District	\$ 1,051,105	100.00	\$ 1,051,105
Breckenridge Mountain Metro District	23,475,000	100.00	23,475,000
Copper Mtn. Consolidated Metro District	4,130,000	100.00	4,130,000
Eagles Nest Metropolitan District	320,000	100.00	320,000
East Dillon Water District	1,415,971	100.00	1,415,971
Heeney Water District	19,429	100.00	19,429
Kremmling Memorial Hospital District	22,778,250	5.00	1,138,913
South Maryland Creek Ranch	14,705,000	100.00	14,705,000
Swans Nest Metropolitan District	840,000	100.00	840,000
Summit County Government	-	100.00	-
Timber Creek Water District	295,000	100.00	295,000
Town of Frisco	2,394,300	100.00	2,394,300
West Grand School District #1-JT	5,395,000	2.20	118,690
Subtotal, overlapping debt	76,819,055		49,903,408
Summit County School District direct debt	84,705,000	100.00	84,705,000
Total direct and overlapping debt	<u>\$ 161,524,055</u>		<u>\$ 134,608,408</u>

Source: Assessed value data used to estimate applicable percentages provided by the Summit County Assessor's Office. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of outstanding debt of those overlapping governments that are borne by the residents and businesses of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

**SUMMIT SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Assessed valuation	\$ 1,929,405,380	\$ 1,926,570,520	\$ 1,595,028,340	\$ 1,594,701,010
Debt limit (20% of assessed valuation)	\$ 385,881,076	\$ 385,314,104	\$ 319,005,668	\$ 318,940,202
Debt applicable to limit:				
General obligation bonds	\$ 58,480,000	\$ 54,130,000	\$ 49,500,000	\$ 44,740,000
Less: Amount set aside for repayment of general obligation debt	(5,843,393)	(5,696,923)	(6,062,943)	(5,959,708)
Total net debt applicable to limit	<u>52,636,607</u>	<u>48,433,077</u>	<u>43,437,057</u>	<u>38,780,292</u>
Legal debt margin	<u>\$ 333,244,469</u>	<u>\$ 336,881,027</u>	<u>\$ 275,568,611</u>	<u>\$ 280,159,910</u>
Total net debt applicable to the limit as a percentage of debt limit	13.64%	12.57%	13.62%	12.16%

Note: Under state finance law, the District's outstanding general obligation debt should not exceed 20% of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 1,536,204,510	\$ 1,552,655,580	\$ 1,724,568,190	\$ 1,736,381,600	\$ 1,859,215,660	\$ 1,883,475,430
\$ 307,240,902	\$ 310,531,116	\$ 344,913,638	\$ 347,276,320	\$ 371,843,132	\$ 376,695,086
\$ 39,775,000	\$ 34,450,000	\$ 29,415,000	\$ 94,975,000	\$ 90,050,000	84,705,000
(6,041,276)	(6,057,519)	(7,371,432)	(11,035,178)	(10,626,157)	(9,926,008)
33,733,724	28,392,481	22,043,568	83,939,822	79,423,843	74,778,992
\$ 273,507,178	\$ 282,138,635	\$ 322,870,070	\$ 263,336,498	\$ 292,419,289	\$ 301,916,094
10.98%	9.14%	6.39%	24.17%	21.36%	19.85%

SUMMIT SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population	Median Household Income	October 1 School Enrollment	October 1 Funded Pupil Count	Total Program Per Pupil Funding	Colorado Unemployment Rate
2010	27,994	\$64,813	3,089	2,901.8	\$7,541.53	8.9%
2011	27,941	\$66,914	3,124	2,924.3	\$7,150.04	9.0%
2012	28,218	\$68,750	3,151	2,942.3	\$6,750.68	7.9%
2013	28,759	\$67,915	3,156	2,950.4	\$6,738.30	7.2%
2014	29,399	\$67,098	3,287	3,049.0	\$6,934.66	5.8%
2015	29,777	\$67,098	3,345	3,141.9	\$7,317.25	4.0%
2016	30,039	\$67,098	3,509	3,294.9	\$7,593.98	2.1%
2017	30,489	\$67,098	3,560	3,352.4	\$7,671.60	2.1%
2018	30,585	\$70,192	3,600	3,394.8	\$7,921.35	2.7%
2019	31,007	\$73,538	3,591	3,397.5	\$8,430.88	2.9%

Sources: Population, median household income and unemployment rate information provided by Summit County, Colorado Division of Local Government (LMI), U.S. Census Bureau, and Wikipedia. School enrollment data provided by the Summit School District Business Services Department. Total program per pupil funding provided by the Colorado Department of Education.

**SUMMIT SCHOOL DISTRICT
Principal Employers
Current Year**

Employer	Range of Employees	% of Total County Employment
Breckenridge Ski Resort	1000-4999	4.55-22.72%
Copper Mountain Ski Resort	1000-4999	4.55-22.72%
Keystone Resort Ski/Ride School	1000-4999	4.55-22.72%
Peak Materials LLC	500-999	2.28-4.55%
Summit School District RE-1	500-999	2.28-4.55%
Summit County Government	250-499	1.14-2.28%
Village Hotel at Breckenridge	250-499	1.14-2.28%
Beaver Run Resort & Conference Center	250-499	1.14-2.28%
City Market	100-249	.46-1.14%
Grand Timber Lodge	100-249	.46-1.14%
Town of Breckenridge	100-249	.46-1.14%
St. Anthony Summit Medical Ctr	100-249	.46-1.14%
Town of Silverthorne	100-249	.46-1.14%
Arapahoe Basin Ski Area	100-249	.46-1.14%
Target	100-249	.46-1.14%
Keystone Lodge	100-249	.46-1.14%
Whole Foods	100-249	.46-1.14%
Lowes	100-249	.46-1.14%
Wal-Mart	100-249	.46-1.14%
 Total Employees in Summit County	 22,315	

Source: Colorado Department of Labor and Employment - LMI Gateway

SUMMIT SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Governmental Fund Expenditures	Funded Students	Cost Per Pupil	Percentage Change	Staff FTE	Teacher Ratio
2010	\$45,509,072	2,901.8	\$15,683	11.4%	245.34	11.83
2011	\$43,669,741	2,924.3	\$14,933	-4.8%	251.04	11.65
2012	\$38,070,026	2,942.3	\$12,939	-13.4%	245.89	11.97
2013	\$38,909,846	2,950.4	\$13,188	1.9%	255.11	11.57
2014	\$41,066,092	3,049.0	\$13,469	2.1%	272.61	11.18
2015	\$42,544,140	3,141.9	\$13,541	0.5%	279.45	11.24
2016	\$46,527,929	3,294.9	\$14,121	4.3%	284.18	11.59
2017	\$51,704,354	3,352.4	\$15,423	9.2%	307.41	10.91
2018	\$89,564,894	3,394.8	\$26,383	71.1%	310.52	10.93
2019	\$85,708,542	3,397.5	\$25,227	-4.4%	320.81	10.59

Sources: Nonfinancial information provided by the district's personnel

Note: Enrollment based on October enrollment. Teaching staff are full-time equivalents for the year as a whole.

SUMMIT SCHOOL DISTRICT
Schedule of Insurance
(Unaudited)

<u>Description of Insurance</u>	<u>Carrier or Pool</u>	<u>Coverage Limit</u>	<u>Deductible</u>
General & School Liability	CSDSIP*	\$2,000,000/occurrence \$5,000,000 aggregate	\$2,500
Property including:	CSDSIP	\$130,273,815	\$5,000
Equipment Breakdown	CSDSIP	\$250,000,000	\$1,000
Automobile liability:	CSDSIP		
Combined single limit		\$2,000,000	\$0
Personal injury protection		\$5,000	\$0
Crime:	CSDSIP	\$1,000,000	\$500
Pollution	CSDSIP	\$1,000,000	\$5,000
Data Compromise	CSDSIP	\$1,000,000	\$5,000
NCBR Terrorism	CSDSIP	\$10,000,000	\$5,000
School Crisis Act	CSDSIP	\$250,000	\$0
Worker's Compensation	Pinnacle Assurance		\$5,000
Unemployment	State of Colorado	Claims basis	
Underground Storage Tanks	ACE American Insurance	\$1,000,000/occurrence \$2,000,000 aggregate	\$5,000
International Liability	ACE American Insurance	Multi-tiered coverage	

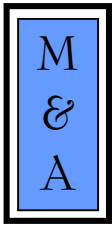
*Colorado School Districts' Self Insurance Pool

Source: School District Records

Summit School District RE-1

Reports and Schedules for Reporting Requirements
Of Uniform Guidance





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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**To the Board of Education
Summit School District RE-1
Frisco, CO**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Summit School District RE-1 (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated .

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion of the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Member: American Institute of Certified Public Accountants

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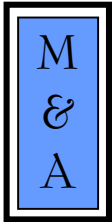
INDEPENDENT AUDITOR'S REPORT
To the Board of Education
Summit School District RE-1
Frisco, CO

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
December 13, 2019



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**To the Board of Education
Summit School District RE-1
Frisco, CO**

Report on Compliance for Each Major Program

We have audited the compliance of the Summit School District RE-1 (the "District") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibilities

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibilities

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance with those requirements.

Member: American Institute of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT
To the Board of Education
Summit School District RE-1
Frisco, CO

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiency and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based in the requirements of Uniform Guidance and the Guide. Accordingly, this report is not suitable for any other purpose

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
December 13, 2019

Summit School District RE-1
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

Part I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Noncompliance material to financial statements noted	None noted

Federal Awards

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	None noted
Major programs –	
IDEA Part B: Special Education	CFDA# 84.027
IDEA Preschool	CFDA# 84.173
Food Distribution, Commodities	CFDA# 10.555
School Breakfast Program	CFDA# 10.553
National School Lunch Program	CFDA# 10.555
Snack Program	CFDA# 10.555
Summer Food Service Program	CFDA# 10.559
Dollar threshold used to identify Type A from Type B programs	\$750,000
Identified as low-risk auditee	No

Part II: Findings Related to Financial Statements

Findings related to financial statements as required by Government Auditing Standards	None noted
Auditor-assigned reference number	Not applicable

Part III: Findings Related to Federal Awards

Internal control findings	None noted
Compliance findings	None noted
Questioned costs	None noted

Summit School District RE-1
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

Note: There were no findings for the fiscal year ended June 30, 2018.

SUMMIT SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Project Code</u>	<u>Expenditures</u>	
United States Department of Education				
Passed through State Department of Education:				
Title I, Part A	84.010	4010	244,699	
IDEA Part B: Flow through 94.142 Special Education	84.027	4027	553,796	B
IDEA Preschool 99-457	84.173	4173	13,186	B
Title IA - Closing the Achievement Gap	84.010	5010	43,193	
Title I Grants to Local Education	84.323A	5323	7,457	
Title III, Immigrant Education	84.365	4365	58,362	
Title III, Immigrant Education	84.365	7365	12,052	
Title II, Part A Teacher and Principal Training and Recruiting	84.367	4367	57,118	
Title IV, Student Support	84.424	4424	14,436	
Passed through Colorado Colleges and Occupational System:				
Carl Perkins Vocational & Applied Technology	84.048	4048	23,224	
Total United States Department of Education			<u>1,027,523</u>	
United States Department of Health and Human Services				
Passed Through Summit County Treasurer:				
Head Start	93.600	8600	91,636	
Total United States Department of Health and Human Services			<u>91,636</u>	
United States Department of Agriculture				
Passed Through Summit County Treasurer:				
Schools and Roads - Grants to States	10.666	7665	408,094	C
Passed through Colorado Department of Human Services				
Food Distribution Commodities	10.555	4555	83,861	A
Passed through State Department of Education:				
National School Breakfast Program	10.553	4553	111,179	A
National School Lunch Program Cluster	10.555	4555	509,523	A
Snack Program	10.555	4558	9,280	A
Summer Food Service Program for Children	10.559	4559	17,175	A
Total United States Department of Agriculture			<u>1,139,112</u>	
Total Federal Expenditures			<u>\$ 2,258,271</u>	
Additional Information for Clusters:				
A Child Nutrition Cluster			\$ 731,018	
B IDEA Cluster			\$ 566,982	
C Forest Service Schools and Roads Cluster			\$ 408,094	

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2019:

Note 1. Basis of Presentation:

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Summit School District, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2, US Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance")*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

Note 2. Basis of Determining the Value of Non-Cash Awards Expended:

Food Commodities: Fair market value of commodities at the time recipient received award and the assessed value provided by the federal agency.

Note 3. Sub recipients:

The District did not provide any federal funds listed in the Schedule of Expenditures of Federal Awards received to sub recipients.

Note 4. Indirect Facilities and Administration Costs:

The District does not opt to use the 10% de minimis cost rate allowed in Title 2 U.S. Code of Federal Regulations (CFR), Part 200.414 Indirect (F & A) costs.