

**LONE STAR SCHOOL DISTRICT 101
(WASHINGTON COUNTY)
OTIS, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORTS**

**FOR THE YEAR ENDED
JUNE 30, 2019**

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FINANCIAL SECTION

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2019

The discussion and analysis of Lone Star School District 101's (the "District") financial performance provides an overall review of the district's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements, financial statement footnotes, budgetary comparison schedules and additional supplementary information to broaden their understanding of the District's financial performance.

Financial Highlights

The District's budget continues to remain fairly constant. Any increases in revenue are generally used to offset the cost of salary and benefits for additional staff and/or programs. The District continues to maintain a healthy fund balance in the General Fund. The District budgets sufficient contingencies greater than required by law to cover any unanticipated operational needs.

Using the Basic Financial Statements

The basic financial statements consist of the Management's Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can first understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. Both provide long and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail. The governmental fund statements tell how general District services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities that the District operates as a business. The District currently does not have a proprietary fund. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Financial Analysis of the District as a Whole

The District's total net position was $-\$1,155,449$ as of June 30, 2019.

The District's governmental net position increased by $\$493,189$ from 2017-2018. The District's governmental net position increase is primarily due to the inclusion of PERA liability, the State of Colorado on behalf payments to PERA, and the purchase of assets.

Government-Wide Financial Statements

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

The two government-wide statements report the District's net position and how they have changed. The change in net position is important because it tells the reader that for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of various factors, some financial, some not. Non-financial factors include facility conditions and required educational programs.

In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct kinds of activities:

Governmental Activities – The majority of the District's programs and services are reported here including instruction, support services, operations and maintenance of plant, Food Service pupil transportation and extracurricular activities.

Business-Type Activities – These are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District's does not currently have any Business-Type Activities

A condensed summary of the District's Net Position is as follows:

Table 1 - Condensed Statement of Net Position

| | Governmental Activities | |
|--|--------------------------------|------------------------------|
| | 2019 | 2018 |
| Current Assets | \$ 1,916,212 | \$ 1,626,970 |
| Capital Assets - Net | 1,727,090 | 1,751,122 |
| Total Assets | <u>3,643,302</u> | <u>3,378,092</u> |
| Deferred Outflows of Financial Resources | <u>1,327,046</u> | <u>2,021,094</u> |
| Current Liabilities | 153,863 | 143,014 |
| Long-Term Liabilities | <u>3,305,314</u> | <u>6,482,177</u> |
| Total Liabilities | <u>3,459,177</u> | <u>6,625,191</u> |
| Deferred Inflows of Financial Resources | <u>2,666,620</u> | <u>422,633</u> |
| Net Position | | |
| Net Investment in Capital Assets | 1,725,374 | 1,747,683 |
| Restricted Net Position | 64,141 | 57,000 |
| Unrestricted Net Position | <u>(2,944,964)</u> | <u>(3,453,321)</u> |
| Total Net Position | <u>\$ (1,155,449)</u> | <u>\$ (1,648,638)</u> |

Most of the District's net position is invested in capital assets (buildings, land, and equipment). The remaining net position is a combination of restricted and unrestricted amounts. The restricted balances are amounts legally restricted for State required emergency reserves.

A condensed Statement of Activities and Changes in Net Position is as follows:

TABLE 2 - CONDENSED STATEMENT OF ACTIVITIES

| | Governmental Activities | |
|---------------------------------|--------------------------------|-----------------------|
| | 2019 | 2018 |
| Program Revenues: | | |
| Charges for Services | \$ 37,200 | \$ 24,855 |
| Operating Grants | <u>261,720</u> | <u>210,226</u> |
| Total Program Revenues | <u>298,920</u> | <u>235,081</u> |
| General Revenues: | | |
| Taxes | 352,545 | 337,487 |
| State Equalization | 1,446,419 | 1,347,369 |
| Investment Income | 7,361 | 5,637 |
| Insurance Proceeds | 3,135 | 26,509 |
| Miscellaneous | <u>19,689</u> | <u>29,488</u> |
| Total General Revenues | <u>1,829,149</u> | <u>1,746,490</u> |
| Total Revenues | <u>2,128,069</u> | <u>1,981,571</u> |
| Expenses | | |
| Instruction | 985,332 | 1,875,966 |
| Supporting Services | 651,271 | 1,019,068 |
| Interest on Long Term Debt | <u>(1,723)</u> | <u>-</u> |
| Total Expenses | <u>1,634,880</u> | <u>2,895,034</u> |
| Change in Net Position | 493,189 | (913,463) |
| Net Position - Beginning | <u>(1,648,638)</u> | <u>(735,175)</u> |
| Net Position - Ending | <u>\$ (1,155,449)</u> | <u>\$ (1,648,638)</u> |

The District's governmental net position increase is primarily due to the inclusion of PERA liability, the State of Colorado on behalf payments to PERA, and the purchase of new assets.

Reporting the District's Most Significant Funds

The analysis of the District's major funds begins on page 4. Fund financial reports provide detailed information about the District's major fund. The District's major fund is the General.

Governmental Funds. Most of District's activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short - term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements of the Governmental Funds. The District's governmental funds consist of the General Fund and non-major Food Service Fund. The General Fund accounts for the majority of the District's instruction and support operations, as well as, the district's statutorily required allocation of per pupil funding for capital needs. The Food Service Fund accounts for the District's food service operation.

Fiduciary Funds. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The District's fiduciary funds are the Pupil Activity and Scholarship Agency Funds. The Pupil Activity Fund generally accounts for student generated revenues and expenditures related to non-classroom activities. The Scholarship Fund provides resources for student education after graduation.

Fund Financial Statements

As of June 30, 2019 the District's governmental funds reported a combined fund balance of \$1,760,714 which is an increase of \$493,189 from the June 30, 2018 balance.

Capital Assets

As of June 30, 2019 the District had \$1,727,090 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease of \$24,032 from the prior year due to depreciation on current assets.

A summary of the District's Governmental Activity Capital Assets is as follows:

TABLE 3 - GOVERNMENTAL ACTIVITY CAPITAL ASSETS

| | <u>Balance 6/30/18</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance 6/30/19</u> |
|--|----------------------------|---------------------------|--------------------|----------------------------|
| <u>Governmental Activities</u> | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 4,725 | \$ - | \$ - | \$ 4,725 |
| Capital assets being depreciated | | | | |
| Land Improvements | 175,365 | - | - | 175,365 |
| Buildings | 2,307,234 | - | - | 2,307,234 |
| Transportation Equipment | 314,498 | 55,899 | - | 370,397 |
| Food Service Equipment | 13,834 | - | - | 13,834 |
| Other Equipment | 148,270 | - | - | 148,270 |
| Total Capital Assets being depreciated | <u>2,959,201</u> | <u>55,899</u> | <u>-</u> | <u>3,015,100</u> |
| Accumulated Depreciation | | | | |
| Land Improvements | (81,594) | (3,905) | - | (85,499) |
| Buildings | (771,516) | (55,420) | - | (826,936) |
| Transportation Equipment | (229,696) | (15,328) | - | (245,024) |
| Food Service Equipment | (13,834) | - | - | (13,834) |
| Other Equipment | (116,164) | (5,278) | - | (121,442) |
| Total Accumulated Depreciation | <u>(1,212,804)</u> | <u>(79,931)</u> | <u>-</u> | <u>(1,292,735)</u> |
| Net Capital Assets | <u>\$ 1,751,122</u> | <u>\$ (24,032)</u> | <u>\$ -</u> | <u>\$ 1,727,090</u> |

Debt Administration

As of June 30, 2019 the District had total outstanding long-term obligations as follows:

| | <u>Balance 7/1/18</u> | <u>Advances</u> | <u>Principal</u> | <u>Balance 6/30/19</u> | <u>Current Portion</u> |
|------------------------------|---------------------------|----------------------|------------------|----------------------------|----------------------------|
| Accrued Compensated Absences | \$ 9,420 | \$ 2,300 | \$ - | \$ 11,720 | \$ - |
| 2018 Copier Lease | 3,439 | - | 1,723 | 1,716 | 1,716 |
| HCTF OPEB Liability | 144,434 | 12,155 | - | 156,589 | - |
| PERA Net Pension Liability | 6,324,884 | (3,189,595) | - | 3,135,289 | - |
| | <u>\$ 6,482,177</u> | <u>\$(3,175,140)</u> | <u>\$ 1,723</u> | <u>\$ 3,305,314</u> | <u>\$ 1,716</u> |

The accrued compensated absences represent the amounts to be funded for earned but unused vacation and sick leave. Additional information related to the District's long-term obligations can be found in Note 6 to the financial statements.

General Fund Budget

The Board of Education adopts the District's budget in June of each year. Changes are then made when student enrollment is finalized. The adoption of supplemental budgets is allowed throughout the year when unanticipated additional revenues are received. The majority of changes to the General Fund budget are in the area of salary and benefits due to staff changes. Program funding is based upon student enrollment on October 1st of each year. This per pupil funding is a combination of Property Tax, State Equalization and Specific Ownership Tax. General Fund revenues were 5% higher than budgeted. Expenditures were 12% under budget after adjusting for contingency reserves. The greatest savings occurred in instruction and operations.

Economic Factors and Next Year's Budget

The Lone Star School District has long term capital needs including updating the heating system, boiler, and fire alarm system.

The negative factor has caused Lone Star School District to lose funding of more than one million dollars from 2010 to 2019. Although we have received minimum relief with the negative factor, we are still not receiving all monies from the state that were appropriated.

Requests for Information

This financial report is designed to provide a general overview of the Lone Star School District 101's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Superintendent, 44940 County Road 54, Otis, Colorado 80743.

Mayberry & Company, LLC

Certified Public Accountants

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

Board of Education
Lone Star School District 101
Otis, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lone Star School District 101, Colorado, as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the basic financial statements of the District, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lone Star School District 101, Colorado, as of June 30, 2019, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Lone Star School District 101's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 6, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

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

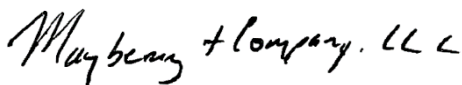
Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M5 and pension schedules on pages 40 - 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Required Supplementary Information – Budgetary Comparison Schedule and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 44 - 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. In addition, the budgetary comparison schedules on pages 48 - 50 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Colorado Department of Education Auditors Integrity and Bolded Balance Sheet reports pages 51 - 54 are presented for state regulatory compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Englewood, CO
December 10, 2019

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BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all government-wide and fund level activity as of June 30, 2019.

LONE STAR SCHOOL DISTRICT 101
Statement of Net Position
June 30, 2019

| | Governmental |
|---|---------------------------------|
| | Activities |
| | <hr/> |
| ASSETS AND DEFERRED OUTFLOWS | |
| ASSETS | |
| Current Assets | |
| Cash and Investments | \$ 1,891,202 |
| Cash with Fiscal Agent | 2,107 |
| Taxes Receivable | 6,761 |
| Grants Receivable | 9,029 |
| Other Accounts Receivable | 5,140 |
| Inventory | 1,973 |
| Total Current Assets | <hr/> 1,916,212 |
| Noncurrent Assets | |
| Capital Assets, not being depreciated | 4,725 |
| Capital Assets, being depreciated | 1,722,365 |
| Total Noncurrent Assets | <hr/> 1,727,090 |
| TOTAL ASSETS | <hr/> 3,643,302 |
| DEFERRED OUTFLOWS OF FINANCIAL RESOURCES | |
| Net Deferred Outflows Pensions | 1,312,733 |
| Net Deferred Outflows OPEB | 14,313 |
| TOTAL DEFERRED OUTFLOWS OF FINANCIAL RESOURCES | <hr/> 1,327,046 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | <hr/> \$ 4,970,348 <hr/> |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | |
| LIABILITIES | |
| Current Liabilities | |
| Accounts Payable | \$ 18,074 |
| Accrued Salaries & Benefits | 136,238 |
| Payroll Taxes & Deductions Payable | (449) |
| Total Current Liabilities | <hr/> 153,863 |
| Noncurrent Liabilities | |
| Due Within One Year | 1,716 |
| Due In More Than One Year | 3,303,598 |
| Total Noncurrent Liabilities | <hr/> 3,305,314 |
| TOTAL LIABILITIES | <hr/> 3,459,177 |
| DEFERRED INFLOWS OF FINANCIAL RESOURCES | |
| Unearned Revenue | 1,239 |
| Unearned Grant Revenue | 396 |
| Net Deferred Inflows Pensions | 2,662,934 |
| Net Deferred Inflows OPEB | 2,051 |
| TOTAL DEFERRED INFLOWS OF FINANCIAL RESOURCES | <hr/> 2,666,620 |
| NET POSITION | |
| Net Investment in Capital Assets | 1,725,374 |
| Restricted Net Position | 62,973 |
| Unrestricted Net Position | (2,943,796) |
| TOTAL NET POSITION | <hr/> (1,155,449) |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION | <hr/> \$ 4,970,348 <hr/> |

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

LONE STAR SCHOOL DISTRICT 101
Statement of Activities
For the Year Ended June 30, 2019

| <u>Functions/Programs</u> | <u>Program Revenues</u> | | | Net (Expense) |
|---|-------------------------|-----------------------------|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Revenue and Change in Net Position |
| Primary Government | | | | |
| Governmental Activities | | | | |
| Instruction | \$ 985,332 | \$ 2,924 | \$ 92,714 | \$ (889,694) |
| Supporting Services | 651,271 | 34,276 | 169,006 | (447,989) |
| Interest on Long Term Debt | (1,723) | - | - | 1,723 |
| Total Primary Government | <u>\$ 1,634,880</u> | <u>\$ 37,200</u> | <u>\$ 261,720</u> | <u>(1,335,960)</u> |
| General Revenues | | | | |
| Property Taxes | | | | 314,233 |
| Specific Ownership Taxes | | | | 38,312 |
| State Equalization | | | | 1,446,419 |
| Investment Earnings | | | | 7,361 |
| Insurance Proceeds | | | | 3,135 |
| Other Revenues | | | | 19,689 |
| Total General Revenues and Transfers | | | | <u>1,829,149</u> |
| Change in Net Position | | | | 493,189 |
| Beginning Net Position | | | | <u>(1,648,638)</u> |
| Ending Net Position | | | | <u>\$ (1,155,449)</u> |

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

LONE STAR SCHOOL DISTRICT 101
Balance Sheet
Governmental Funds
June 30, 2019
(With Comparative Totals for June 30, 2018)

| | Nonmajor | | Totals | |
|---|---------------------|-------------------------------|---------------------|---------------------|
| | Special Revenue | | | |
| | General Fund | Nonmajor Food Service Fund | 2019 | 2018 |
| ASSETS | | | | |
| Cash and Investments | \$ 1,847,494 | \$ 43,708 | \$ 1,891,202 | \$ 1,602,004 |
| Cash with Fiscal Agent | 2,107 | - | 2,107 | 4,708 |
| Taxes Receivable | 6,761 | - | 6,761 | 11,477 |
| Grants Receivable | 9,029 | - | 9,029 | 4,755 |
| Other Accounts Receivable | 4,000 | 1,140 | 5,140 | 885 |
| Inventory | - | 1,973 | 1,973 | 3,141 |
| TOTAL ASSETS | <u>\$ 1,869,391</u> | <u>\$ 46,821</u> | <u>\$ 1,916,212</u> | <u>\$ 1,626,970</u> |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | | | | |
| Liabilities | | | | |
| Interfund Accounts Payable | \$ - | \$ - | \$ - | \$ 1,135 |
| Accounts Payable | 18,008 | 66 | 18,074 | 11,142 |
| Accrued Salaries & Benefits | 135,523 | 715 | 136,238 | 130,737 |
| Payroll Taxes & Deductions Payable | (449) | - | (449) | - |
| Unearned Revenue | - | 1,239 | 1,239 | 1,307 |
| Unearned Grant Revenue | 396 | - | 396 | 396 |
| Total Liabilities | <u>153,478</u> | <u>2,020</u> | <u>155,498</u> | <u>144,717</u> |
| Fund Balance | | | | |
| Nonspendable Fund Balance | - | 1,973 | 1,973 | 3,141 |
| Restricted Fund Balance | | | | |
| Restricted for TABOR Emergency | 61,000 | - | 61,000 | 57,000 |
| Committed Fund Balance | | | | |
| Comitted for Fund Balance | - | 42,828 | 42,828 | 23,119 |
| Assigned Fund Balance | | | | |
| Unassigned Fund Balance | 1,654,913 | - | 1,654,913 | 1,398,993 |
| Total Fund Balance | <u>1,715,913</u> | <u>44,801</u> | <u>1,760,714</u> | <u>1,482,253</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | <u>\$ 1,869,391</u> | <u>\$ 46,821</u> | <u>\$ 1,916,212</u> | <u>\$ 1,626,970</u> |

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

LONE STAR SCHOOL DISTRICT 101
Reconciliation of Governmental Fund Balances
to Governmental Activities Net Position
June 30, 2019

| | | | |
|--|----|--------------------|-----------------------|
| Fund Balance - Governmental Funds | | \$ | 1,760,714 |
| Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds | | | |
| Capital assets, not being depreciated | \$ | 4,725 | |
| Capital assets, being depreciated | | 3,015,100 | |
| Accumulated depreciation | | <u>(1,292,735)</u> | 1,727,090 |
| Certain long-term pension and OPEB related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds | | | |
| PERA Pension | | | |
| Net pension deferred outflows | | 1,312,733 | |
| Net pension liability | | (3,135,289) | |
| Net pension deferred inflows | | <u>(2,662,934)</u> | (4,485,490) |
| PERA Health Care Trust Fund (OPEB) | | | |
| Net OPEB deferred outflows | | 14,313 | |
| Net OPEB liability | | (156,589) | |
| Net OPEB deferred inflows | | <u>(2,051)</u> | (144,327) |
| Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds. | | | |
| Capital leases payable | | (1,716) | |
| Accrued compensated absences | | <u>(11,720)</u> | <u>(13,436)</u> |
| Total Net Position - Governmental Activities | | | <u>\$ (1,155,449)</u> |

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

LONE STAR SCHOOL DISTRICT 101
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

| | Nonmajor | | Totals | |
|--|---------------------|-------------------------------|---------------------|---------------------|
| | Special Revenue | | | |
| | General Fund | Nonmajor Food Service Fund | 2019 | 2018 |
| REVENUES | | | | |
| Local Sources | \$ 438,355 | \$ 20,508 | \$ 458,863 | \$ 423,976 |
| Intermediate Sources | 104 | - | 104 | 102 |
| State Sources | 1,606,677 | 1,341 | 1,608,018 | 1,488,689 |
| Federal Sources | 28,513 | 32,571 | 61,084 | 68,806 |
| TOTAL REVENUES | <u>2,073,649</u> | <u>54,420</u> | <u>2,128,069</u> | <u>1,981,573</u> |
| EXPENDITURES | | | | |
| Instruction | 1,107,684 | - | 1,107,684 | 1,028,425 |
| Pupil Support | 1,540 | - | 1,540 | 1,718 |
| Staff Support | 345 | - | 345 | 708 |
| General Administration | 198,411 | - | 198,411 | 168,281 |
| School Administration | 86,069 | - | 86,069 | 86,213 |
| Business Services | 46,970 | - | 46,970 | 46,285 |
| Operations and Maintenance | 152,442 | - | 152,442 | 160,248 |
| Transportation | 139,785 | - | 139,785 | 257,016 |
| Other Central Support | 50,483 | - | 50,483 | 41,770 |
| Food Service | - | 65,879 | 65,879 | 62,745 |
| Debt Service | - | - | - | 156 |
| TOTAL EXPENDITURES | <u>1,783,729</u> | <u>65,879</u> | <u>1,849,608</u> | <u>1,853,565</u> |
| REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES | 289,920 | (11,459) | 278,461 | 128,008 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Debt Proceeds | - | - | - | 3,582 |
| Transfer In (Out) - net | (30,000) | 30,000 | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(30,000)</u> | <u>30,000</u> | <u>-</u> | <u>3,582</u> |
| CHANGE IN FUND BALANCE | 259,920 | 18,541 | 278,461 | 131,590 |
| BEGINNING FUND BALANCE | <u>1,455,993</u> | <u>26,260</u> | <u>1,482,253</u> | <u>1,350,663</u> |
| ENDING FUND BALANCE | <u>\$ 1,715,913</u> | <u>\$ 44,801</u> | <u>\$ 1,760,714</u> | <u>\$ 1,482,253</u> |

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

LONE STAR SCHOOL DISTRICT 101
Reconciliation of Governmental Changes in Fund Balance
to Governmental Activities Change in Net Position
For the Year Ended June 30, 2019

| | | | |
|---|----|--------------------|-----------------------|
| Change in Fund Balance - Governmental Funds | | \$ | 278,461 |
| Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level | | | |
| Capitalized Asset Purchases | \$ | 55,899 | |
| Depreciation Expense | | <u>(79,931)</u> | (24,032) |
| Pension and OPEB expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year. | | | |
| PERA Pension | | | |
| Change in deferred pension outflows | | (702,525) | |
| Change in net pension liability | | 3,189,595 | |
| Change in deferred pension inflows | | <u>(2,244,420)</u> | 242,650 |
| PERA Health Care Trust Fund (OPEB) | | | |
| Change in deferred OPEB outflows | | 8,477 | |
| Change in net OPEB liability | | (12,155) | |
| Change in deferred OPEB inflows | | <u>365</u> | (3,313) |
| Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level | | | |
| Principal payments on capital leases | | 1,723 | |
| Change in accrued compensated absences | | <u>(2,300)</u> | <u>(577)</u> |
| Change in Net Position - Governmental Activities | | \$ | <u><u>493,189</u></u> |

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

LONE STAR SCHOOL DISTRICT 101
Statement of Fiduciary Net Position
Fiduciary Funds
Pupil Activity Fund
June 30, 2019
(With Comparative Totals for June 30, 2018)

| | Rhodes | | Totals | |
|---|-------------------------|----------------------------|-------------------|-------------------|
| | Scholarship Agency Fund | Pupil Activity Agency Fund | 2019 | 2018 |
| ASSETS | | | | |
| Cash and Investments | \$ 31,119 | \$ 97,600 | \$ 128,719 | \$ 120,476 |
| Interfund Accounts Receivable | - | - | - | 1,135 |
| TOTAL ASSETS | <u>31,119</u> | <u>97,600</u> | <u>128,719</u> | <u>121,611</u> |
| NET POSITION | | | | |
| Restricted Net Position (Held for Others) | <u>\$ 31,119</u> | <u>\$ 97,600</u> | <u>\$ 128,719</u> | <u>\$ 121,611</u> |

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Lone Star School District 101 (the District) conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies:

Reporting Entity

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

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

Basis of Presentation

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

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

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

Fund Financial Statements

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The District reports the following major governmental fund:

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

The District reports the following fiduciary funds:

Agency Funds (Pupil Activity and Scholarship Funds) - These funds account for funds held by and for the benefit of students. These funds are custodial in nature. There are no formal trust agreements for the scholarship funds.

Measurement Focus and Basis of Accounting

Government-Wide and Fiduciary Fund Financial Statements

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

Governmental Fund Financial Statements

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available as allowed by the per pupil operating revenue formula approved by the State legislature or within sixty days after year end. These revenues could include federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash - Cash is kept in interest bearing accounts that are comprised of checking and money market accounts that are legally authorized. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements.

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

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

Capital Assets - Capital assets used in governmental activities operations are shown on the government-wide financial statements. These assets are not shown in the governmental funds and are therefore listed as a reconciling item between the two presentations. Property and equipment acquired or constructed for governmental fund operations are recorded as expenditures in the fund making the expenditure, and capitalized at cost in the government-wide presentation. No depreciation has been provided on capital assets in the governmental funds.

Property and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

The District's policy is to capitalize and inventory annually all capital assets with a unit value of or greater than \$5,000 and an estimated useful life of or greater than one year.

Depreciation of exhaustible capital assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the proprietary funds balance sheets.

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

| | |
|---------------------------------|-------------|
| Buildings and Site Improvements | 10-75 years |
| Vehicles | 8-25 years |
| Other Equipment | 5-15 years |

Vacation, Sick Leave, and Other Compensated Absences - District employees are entitled to certain compensated absences based on their length of employment. Compensated absences do not vest or accumulate and are recorded as expenditures when they are paid. Vacation can be carried over upon the superintendent's approval.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has two items that qualify for reporting in this category. Both are related to pension and OPEB liabilities as further described in Notes 8 and 10.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows related to pension and OPEB liabilities as further described in Notes 8 and 10.

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

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

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

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

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

All other remaining governmental balances are reported as unassigned.

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balance Flow Assumptions

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

Revenues and Expenditures/Expenses

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

Property Tax Revenues - Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor on October 1. Assessed values are an approximation of market value. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November.

Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they are levied. Property taxes are recognized as revenue when payable to the County Treasurer. Due to the nature of Colorado school district funding, all uncollected property taxes levied in 2018 for collection in 2019 are identified as property taxes receivable at June 30.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying basic financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT BUDGETARY POLICIES

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles (except for the Enterprise Fund which budgets on the cash basis). Annual appropriated budgets are adopted for all funds except the Trust and Agency Funds. All annual appropriations lapse at fiscal year-end. The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. By May 31, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- The District has until January 31st of each year to adjust its final budget.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Education.
- Encumbrances represent a commitment for the estimated amount of expenditures which could ultimately result from the fulfillment of uncompleted purchase orders and contracts. Encumbrances lapse at the end of each fiscal year (June 30). Lapsed encumbrances are then reviewed by department heads to determine those that will remain canceled and those that will be reinstated and paid from appropriations for the following year. Encumbrances are therefore not considered expenditures until an actual liability is incurred. Encumbrances are not shown as a reservation of Fund balance at fiscal year-end because they have lapsed and are pending reinstatement.

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 2: CASH AND INVESTMENTS

Deposits

Custodial Credit Risk - Deposits

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

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

| | Bank Balance | Carrying Balance |
|-----------------------------------|----------------------------|-----------------------------|
| FDIC Insured | \$ 250,000 | \$ 250,000 |
| PDPA Collateralized* | 2,029,503 | 1,769,822 |
| Petty Cash | - | 100 |
| Total Cash and Investments | <u>\$ 2,279,503</u> | <u>\$ 2,019,922</u> |

* - Not in District's name

These balances are presented in the financial statements as follows:

| | |
|----------------------------|----------------------------|
| Government-wide | \$1,891,203 |
| Fiduciary | <u>128,719</u> |
| Total Cash and Investments | <u>\$ 2,019,922</u> |

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

Credit Risk

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

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

The District's investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above. As of June 30, 2019, the District did not hold any investments.

Concentration of Credit Risk

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

Interest Rate Risk

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

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2019, the District did not have any investments requiring safekeeping.

NOTE 3: INVENTORIES

Food Service Fund inventory as of June 30, 2019 of \$1,973, consisted of purchased and donated commodities amounting to \$904 and \$1,069, respectively. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

LONE STAR SCHOOL DISTRICT 101

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 4: CAPITAL ASSETS

Activity for the District’s governmental activity capital assets is as follows:

| | <u>Balance</u> <u>6/30/18</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>6/30/19</u> |
|--|----------------------------------|---------------------------|--------------------|----------------------------------|
| <u>Governmental Activities</u> | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 4,725 | \$ - | \$ - | \$ 4,725 |
| Capital assets being depreciated | | | | |
| Land Improvements | 175,365 | - | - | 175,365 |
| Buildings | 2,307,234 | - | - | 2,307,234 |
| Transportation Equipment | 314,498 | 55,899 | - | 370,397 |
| Food Service Equipment | 13,834 | - | - | 13,834 |
| Other Equipment | 148,270 | - | - | 148,270 |
| Total Capital Assets being depreciated | <u>2,959,201</u> | <u>55,899</u> | <u>-</u> | <u>3,015,100</u> |
| Accumulated Depreciation | | | | |
| Land Improvements | (81,594) | (3,905) | - | (85,499) |
| Buildings | (771,516) | (55,420) | - | (826,936) |
| Transportation Equipment | (229,696) | (15,328) | - | (245,024) |
| Food Service Equipment | (13,834) | - | - | (13,834) |
| Other Equipment | (116,164) | (5,278) | - | (121,442) |
| Total Accumulated Depreciation | <u>(1,212,804)</u> | <u>(79,931)</u> | <u>-</u> | <u>(1,292,735)</u> |
| Net Capital Assets | <u>\$ 1,751,122</u> | <u>\$ (24,032)</u> | <u>\$ -</u> | <u>\$ 1,727,090</u> |

Depreciation is allocated to the District’s governmental activities as follows:

| | |
|--------------------------------|-------------------------|
| Instruction | \$ 47,869 |
| Supporting Services | <u>32,062</u> |
| Depreciation Allocation | <u>\$ 79,931</u> |

NOTE 5: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2019, are \$135,523 in the General Fund and \$715 in the Food Service Fund. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements.

LONE STAR SCHOOL DISTRICT 101

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 6: LONG-TERM OBLIGATIONS

At June 30, 2019, the District included accrued compensated absences and pension liabilities in its long-term obligations. Changes in long-term obligations for the year ended June 30, 2019 is as follows:

| | <u>Balance</u> <u>7/1/18</u> | <u>Advances</u> | <u>Principal</u> | <u>Balance</u> <u>6/30/19</u> | <u>Current</u> <u>Portion</u> |
|------------------------------|---------------------------------|----------------------|------------------|----------------------------------|----------------------------------|
| Accrued Compensated Absences | \$ 9,420 | \$ 2,300 | \$ - | \$ 11,720 | \$ - |
| 2018 Copier Lease | 3,439 | - | 1,723 | 1,716 | 1,716 |
| HCTF OPEB Liability | 144,434 | 12,155 | - | 156,589 | - |
| PERA Net Pension Liability | <u>6,324,884</u> | <u>(3,189,595)</u> | <u>-</u> | <u>3,135,289</u> | <u>-</u> |
| | <u>\$ 6,482,177</u> | <u>\$(3,175,140)</u> | <u>\$ 1,723</u> | <u>\$ 3,305,314</u> | <u>\$ 1,716</u> |

2018 Copier Capital Lease

In 2018, the District entered into a capital lease arrangement for the purchase of a copier. The lease was for \$3,582 and requires 2 annual payments of \$1,872 through 2020 at 4.31%. The District has not capitalized assets related to this lease as the asset value did not meet the District capitalization threshold. Default provisions include cancellation of the lease, return or repossession of the equipment, payments of all current and future amounts owed, or any other remedy available.

Future minimum lease payment on the lease are as follows:

| Year Ending June 30: | Totals |
|--|-----------------|
| 2020 | \$ 1,716 |
| Less amount representing interest at 4.31% | <u>(36)</u> |
| Present value of minimum lease payments | <u>\$ 1,680</u> |

NOTE 7: JOINTLY GOVERNED ORGANIZATION

The District in conjunction with other surrounding districts created the Northeast Colorado Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The BOCES board is comprised of one member from each participating district. During the fiscal year ended June 30, 2019, the District paid \$56,176 for assessments and other services to the BOCES. Financial statements for the BOCES can be obtained from the BOCES administrative office at: P O Box 98, Haxtun, CO 80731.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 8: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

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

- 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 non-employer 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.

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan

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.

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.

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA’s Annual Increase Reserve (AIR) for the SCHDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$186,215 for the year ended June 30, 2019.

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

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

At June 30, 2019, the District reported a liability of \$3,135,289 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a non-employer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a non-employer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

| | |
|--|-----------------------|
| District's proportionate share of the net pension liability | \$ (3,135,289) |
| The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District | \$ (377,139) |
| Total | \$ (3,512,428) |

At December 31, 2018, the District proportion was 0.01771 percent, which was a decrease of 0.00185 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension income of \$47,179, primarily related to assumption changes and State contribution proportion adjustments and revenue of \$25,462 for support from the State as a non-employer contributing entity. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

| | Deferred Outflows | Deferred Inflows |
|--|-------------------|------------------|
| Difference between expected and actual experience | \$ 111,517 | \$ - |
| Changes of assumptions or other inputs | \$ 645,345 | \$ (1,949,813) |
| Net difference between projected and actual earnings on pension plan investments | \$ 426,753 | \$ (280,329) |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis | \$ 26,449 | \$ (432,792) |
| Contributions subsequent to the measurement date | \$ 102,669 | \$ - |
| Total | \$ 1,312,733 | \$ (2,662,934) |

\$102,669 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30: | Fiscal Year Totals |
|---------------------|--------------------|
| 2020 | \$ (215,144) |
| 2021 | (794,507) |
| 2022 | (536,701) |
| 2023 | 93,482 |
| Total | \$ (1,452,870) |

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:

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

| | |
|---|---|
| Actuarial cost method | Entry Age |
| Price inflation | 2.40% |
| Real wage growth | 1.10% |
| Wage inflation | 3.50% |
| Salary increase, including wage inflation | 3.90-9.70% |
| Long-term investment rate of return, net of pension plan investment expenses, including price inflation | 7.25% |
| Discount rate | 4.78% |
| Post retirement benefit increases: | |
| PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic) | 2% compounded annually |
| PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic) | Financed by the Annual Increase Reserve (AIR) |

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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 the net pension asset (liability) | \$ (3,985,984) | \$ (3,135,289) | \$ (2,421,413) |

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

NOTE 9: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

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

PERA Benefit Structure

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

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

DPS Benefit Structure

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

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

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$9,929 for the year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of \$156,589 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The District’s proportion of the net OPEB liability was based on the District’s contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the District’s proportion was 0.01151 percent, which was an increase of 0.00043 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$13,894. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows | Deferred Inflows |
|--|-------------------|-------------------|
| Difference between expected and actual experience | \$ 549 | \$ (239) |
| Net difference between projected and actual earnings on pension plan investments | \$ 2,778 | \$ (1,812) |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis | \$ 4,940 | \$ - |
| Contributions subsequent to the measurement date | \$ 4,948 | \$ - |
| Total | \$ 14,313 | \$ (2,051) |

\$4,948 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

| Year Ended June 30: | Fiscal Year Totals |
|---------------------|--------------------|
| 2020 | \$ 1,387 |
| 2021 | 1,388 |
| 2022 | 1,387 |
| 2023 | 1,992 |
| 2024 | 1,116 |
| 2025 | 44 |
| Total | \$ 7,314 |

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

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

- **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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

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

| Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates | | | |
|--|--------------|-----------------------|--------------|
| | 1% Decrease | Current Discount Rate | 1% Increase |
| PERACare Medicare trend rate | 4.00% | 5.00% | 6.00% |
| Initial Medicare Part A trend rate | 2.25% | 3.25% | 4.25% |
| Ultimate Medicare Part A trend rate | 4.00% | 5.00% | 6.00% |
| Proportionate share of the net OPEB asset (liability) | \$ (152,265) | \$ (156,589) | \$ (161,562) |

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:

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

- 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.

NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

| Sensitivity of the Net OPEB Liability to Changes in the Discount Rate | | | |
|---|--------------|-----------------------|--------------|
| | 1% Decrease | Current Discount Rate | 1% Increase |
| Discount Rate | 6.25% | 7.25% | 8.25% |
| Proportionate share of the net OPEB asset (liability) | \$ (175,209) | \$ (156,589) | \$ (140,670) |

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

NOTE 11: RISK MANAGEMENT

Property and Liability Coverage

The District belongs to the Colorado School District Self Insurance Pool (“CSDSIP”) that was formed in 1981 to give individual school districts more buying power and financial stability. By partnering with districts across the state, members gain better access to essential coverage at a competitive price, and more control over the entire risk management function. The coverage provided by CSDSIP is property, crime, general liability, auto liability and physical damage, and errors and omissions. CSDSIP became self-administered in 1997. The board of directors is comprised of nine persons who are district school board members, superintendents, or district business officials. Each member’s premium contribution is determined by CSDSIP based on factors including, but not limited to, the aggregate CSDSIP claims, the cost of administrative and other operating expenses, the number of participants, operating and reserve fund adequacy, investment income and reinsurance expense and profit sharing. Reporting to the Division of Insurance, as well as an audit and actuarial study is conducted annually. These reports may be obtained by contacting the CSDSIP administrative offices at 6857 South Spruce Street, Centennial, CO 80112. The District has not materially changed its coverage from previous years. The District has not recorded any liability for unpaid claims at June 30, 2019.

CSDSIP has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members.

LONE STAR SCHOOL DISTRICT 101

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 11: RISK MANAGEMENT (Continued)

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

Workers Compensation

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

NOTE 12: SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS

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

Tabor Amendment - In November 1992, Colorado voters passed the Tabor Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limitations. The District is subject to the Tabor Amendment. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded unless the District's electorate vote to retain the revenue. In November of 1996, the voters of the District approved a ballot measure which allows the District to retain, appropriate, and utilize the full revenues received from every source whatever, without limitation, in 1996 and all subsequent years. The Tabor Amendment is subject to many interpretations, but the District feels it is in substantial compliance with the Amendment. The District is required to set aside 3% of "fiscal year spending" as defined in the Amendment for an emergency reserve. At June 30, 2018, the District has reserved \$61,000 of fund balance in the General Fund to satisfy this requirement.

NOTE 13: INTERNAL ACTIVITY

The District transferred \$30,000 from the General Fund to the Food Service Fund as a routine operating subsidy.

NOTE 14: DEFICIT NET POSITION

The Governmental Activities has an overall net position deficit of \$1,155,449 and an unrestricted net position deficit of \$2,943,796 primarily due to the PERA net pension liability of \$3,135,289 as further described in Note 8 and net OPEB liability of \$156,589 as further described in Note 10. As the District has no control over pension benefits or contribution rates, the District expects this deficit net position to continue for the foreseeable future.

**REQUIRED SUPPLEMENTARY INFORMATION
(Pension and OPEB Schedules - Unaudited)**

LONE STAR SCHOOL DISTRICT 101

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

PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾

| <u>Fiscal Year</u> | <u>District's proportion of the net pension asset (liability)</u> | <u>District's proportionate share of the net pension asset (liability)</u> | <u>Non-employer contributing entity's total proportionate share of the net pension asset (liability)</u> | <u>Total proportionate share associated with District</u> | <u>District's covered payroll</u> | <u>District's proportionate share of the net pension asset (liability) as a percentage of covered payroll</u> | <u>Plan fiduciary net position as a percentage of the total pension liability</u> |
|--------------------|---|--|--|---|-----------------------------------|---|---|
| June 30, 2014 | 0.021412% | \$ (2,731,049) | \$ - | \$ (2,731,049) | \$ 863,175 | 316.40% | 64.07% |
| June 30, 2015 | 0.019862% | \$ (2,691,990) | \$ - | \$ (2,691,990) | \$ 832,082 | 323.52% | 62.84% |
| June 30, 2016 | 0.018355% | \$ (2,807,047) | \$ - | \$ (2,807,047) | \$ 799,844 | 350.95% | 59.16% |
| June 30, 2017 | 0.019499% | \$ (5,805,521) | \$ - | \$ (5,805,521) | \$ 875,135 | 663.39% | 43.13% |
| June 30, 2018 | 0.019560% | \$ (6,324,884) | \$ - | \$ (6,324,884) | \$ 902,260 | 701.00% | 43.96% |
| June 30, 2019 | 0.017706% | \$ (3,135,289) | \$ 377,139 | \$ (2,758,150) | \$ 973,419 | 322.09% | 57.01% |

Note: All amounts are as of plan calculation dates which is for the immediately preceding calendar prior to the date shown.

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

See the accompanying Independent Auditors' Report.

LONE STAR SCHOOL DISTRICT 101

SCHEDULE OF DISTRICT CONTRIBUTIONS

**PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

| <u>Fiscal Year</u> | <u>Contractually required contributions</u> | <u>Actual contributions</u> | <u>Contribution deficiency (excess)</u> | <u>District's covered payroll</u> | <u>Contributions as a percentage of covered payroll</u> |
|--------------------|---|---------------------------------|---|---|---|
| June 30, 2014 | \$ 134,051 | \$ (134,051) | \$ - | \$ 863,175 | 15.53% |
| June 30, 2015 | \$ 136,711 | \$ (136,711) | \$ - | \$ 832,082 | 16.43% |
| June 30, 2016 | \$ 138,613 | \$ (138,613) | \$ - | \$ 799,844 | 17.33% |
| June 30, 2017 | \$ 158,662 | \$ (158,662) | \$ - | \$ 875,135 | 18.13% |
| June 30, 2018 | \$ 168,091 | \$ (168,091) | \$ - | \$ 902,260 | 18.63% |
| June 30, 2019 | \$ 186,215 | \$ (186,215) | \$ - | \$ 973,419 | 19.13% |

Note: All amounts are as of plan calculation dates which is for the immediately preceding calendar prior to the date shown.

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

See the accompanying Independent Auditors' Report.

LONE STAR SCHOOL DISTRICT 101

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

| Fiscal Year | District's proportion of the net pension asset (liability) | District's proportionate share of the net pension asset (liability) | District's covered payroll | District's proportionate share of the net pension asset (liability) as a percentage of covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|--------------------|---|--|---|---|---|
| June 30, 2017 | 0.011083% | \$ (143,699) | \$ 875,135 | 16.42% | 16.70% |
| June 30, 2018 | 0.011114% | \$ (144,434) | \$ 902,260 | 16.01% | 17.53% |
| June 30, 2019 | 0.011509% | \$ (156,589) | \$ 973,419 | 16.09% | 17.03% |

Note: All amounts are as of plan calculation dates which is for the immediately preceding calendar prior to the date shown.

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

See the accompanying Independent Auditors' Report.

LONE STAR SCHOOL DISTRICT 101

**SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA Health Care Trust Fund
Last 10 Fiscal Years⁽¹⁾**

| <u>Fiscal Year</u> | <u>Contractually required contributions</u> | <u>Actual contributions</u> | <u>Contribution deficiency (excess)</u> | <u>District's covered payroll</u> | <u>Contributions as a percentage of covered payroll</u> |
|--------------------|---|---------------------------------|---|---|---|
| June 30, 2017 | \$ 8,926 | \$ (8,926) | \$ - | \$ 875,135 | 1.02% |
| June 30, 2018 | \$ 9,203 | \$ (9,203) | \$ - | \$ 902,260 | 1.02% |
| June 30, 2019 | \$ 9,929 | \$ (9,929) | \$ - | \$ 973,419 | 1.02% |

Note: All amounts are as of plan calculation dates which is for the immediately preceding calendar prior to the date shown.

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

See the accompanying Independent Auditors' Report.

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REQUIRED SUPPLEMENTARY INFORMATION
(Budgetary Comparison Schedules)

LONE STAR SCHOOL DISTRICT 101
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

| | 2019 | | | | 2018 |
|---|----------------------------|-------------------------|------------------|---|------------------|
| | Original Budget | Final Budget | Actual | Variance with Final Budget | |
| REVENUES | | | | | |
| Local Sources | | | | | |
| Property Taxes | \$ 311,726 | \$ 311,726 | \$ 313,702 | \$ 1,976 | \$ 304,143 |
| Specific Ownership Taxes | 26,570 | 26,570 | 38,312 | 11,742 | 33,098 |
| Delinquent Taxes | - | - | 531 | 531 | 246 |
| Investment Earnings | 3,500 | 3,500 | 7,361 | 3,861 | 5,637 |
| Pupil Activity Revenues | 4,400 | 4,400 | 2,924 | (1,476) | 4,492 |
| Rent Revenue | 3,600 | 3,600 | 3,600 | - | 3,600 |
| Donations | 27,520 | 31,600 | 38,931 | 7,331 | - |
| Local BOCES Passthrough | - | - | 10,168 | 10,168 | - |
| Insurance Proceeds | - | - | 3,135 | 3,135 | 26,509 |
| Other Local | 34,211 | 21,231 | 19,691 | (1,540) | 29,489 |
| Total Local Sources | <u>411,527</u> | <u>402,627</u> | <u>438,355</u> | <u>35,728</u> | <u>407,214</u> |
| Intermediate Sources | | | | | |
| Mineral Leases | 100 | 100 | 104 | 4 | 102 |
| State Sources | | | | | |
| State Share (Equalization) | 1,401,324 | 1,401,324 | 1,446,419 | 45,095 | 1,347,369 |
| State Transportation | 17,200 | 17,200 | 22,267 | 5,067 | 19,855 |
| State Grants from CDE | | | | | |
| State ELPA: Professional Development and Student Support | 3,500 | 3,500 | 4,932 | 1,432 | - |
| State ELPA | 2,500 | 2,500 | 1,955 | (545) | 6,511 |
| Small Rural Schools Additional Funding | 40,304 | 40,304 | 43,395 | 3,091 | 40,366 |
| Additional At-Risk Funding | 450 | 450 | 618 | 168 | 472 |
| READ Act | 2,000 | 2,000 | 1,670 | (330) | 2,442 |
| State Grants to Libraries | 3,500 | 3,500 | 3,500 | - | 3,500 |
| State Grants from Other Agencies | | | | | |
| State Vocational Education | 45,000 | 45,000 | 28,899 | (16,101) | 39,140 |
| State PERA Contribution | - | - | 25,462 | 25,462 | - |
| State Grants Provided through BOCES | 22,800 | 26,800 | 27,560 | 760 | 27,147 |
| Total State Sources | <u>1,538,578</u> | <u>1,542,578</u> | <u>1,606,677</u> | <u>64,099</u> | <u>1,486,802</u> |
| Federal Sources | | | | | |
| Federal Grants from CDE | | | | | |
| NCLB Title I, Part A - Improving Basic Programs Operated by Schools | 600 | 600 | - | (600) | - |
| Race to the Top - Early Childhood Readiness Assessment | 80 | 80 | - | (80) | 90 |
| Direct Federal Revenue | | | | | |
| NCLB, Title VI, Part B, Sub-part I: REAP: Rural Education Initiatives | 24,000 | 24,000 | 20,154 | (3,846) | 20,189 |
| Federal Provided through BOCES | 2,300 | 2,300 | 8,359 | 6,059 | 14,642 |
| Total Federal Sources | <u>26,980</u> | <u>26,980</u> | <u>28,513</u> | <u>1,533</u> | <u>34,921</u> |
| TOTAL REVENUES | <u>1,977,185</u> | <u>1,972,285</u> | <u>2,073,649</u> | <u>101,364</u> | <u>1,929,039</u> |

(Continued)
See the accompanying Independent Auditors' Report

LONE STAR SCHOOL DISTRICT 101
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

| | 2019 | | | | 2018 |
|-------------------------------|--------------------|------------------|------------------|----------------------------------|------------------|
| | Original Budget | Final Budget | Actual | Variance with Final Budget | Actual |
| (Continued) | | | | | |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Salaries | 710,744 | 710,744 | 683,757 | 26,987 | 653,489 |
| Benefits | 257,576 | 257,576 | 262,791 | (5,215) | 220,933 |
| PS - Professional | 44,460 | 44,460 | 32,457 | 12,003 | 36,798 |
| PS - Property | 7,000 | 7,000 | 3,680 | 3,320 | 4,918 |
| PS - Other | 16,750 | 16,750 | 17,949 | (1,199) | 16,032 |
| Supplies | 65,801 | 65,801 | 62,134 | 3,667 | 71,674 |
| Property | 19,700 | 19,700 | 38,416 | (18,716) | 17,835 |
| Other Expenses | 7,500 | 7,500 | 6,500 | 1,000 | 6,744 |
| Total Instruction | <u>1,129,531</u> | <u>1,129,531</u> | <u>1,107,684</u> | <u>21,847</u> | <u>1,028,423</u> |
| Supporting Services | | | | | |
| Pupil Support | | | | | |
| PS - Professional | 1,600 | 1,600 | - | 1,600 | 253 |
| Supplies | 1,540 | 1,540 | 1,540 | - | 1,465 |
| Total Pupil Support | <u>3,140</u> | <u>3,140</u> | <u>1,540</u> | <u>1,600</u> | <u>1,718</u> |
| Staff Support | | | | | |
| Salaries | 400 | 400 | 80 | 320 | 400 |
| Benefits | 94 | 94 | 17 | 77 | 17 |
| PS - Professional | 300 | 300 | - | 300 | 291 |
| Supplies | 350 | 350 | 248 | 102 | - |
| Total Staff Support | <u>1,144</u> | <u>1,144</u> | <u>345</u> | <u>799</u> | <u>708</u> |
| General Administration | | | | | |
| Salaries | 82,750 | 82,750 | 82,750 | - | 70,398 |
| Benefits | 25,495 | 25,495 | 23,653 | 1,842 | 23,634 |
| PS - Professional | 8,500 | 8,500 | 8,472 | 28 | 8,046 |
| PS - Other | 69,400 | 69,400 | 67,649 | 1,751 | 59,532 |
| Supplies | 250 | 250 | 9,745 | (9,495) | 248 |
| Property | 500 | 500 | 341 | 159 | 500 |
| Other Expenses | 6,200 | 6,200 | 5,801 | 399 | 5,924 |
| Total General Administration | <u>193,095</u> | <u>193,095</u> | <u>198,411</u> | <u>(5,316)</u> | <u>168,282</u> |
| School Administration | | | | | |
| Salaries | 79,546 | 79,546 | 56,044 | 23,502 | 57,118 |
| Benefits | 30,512 | 30,512 | 27,735 | 2,777 | 26,845 |
| PS - Other | 2,000 | 2,000 | 1,999 | 1 | 2,000 |
| Supplies | 250 | 250 | 291 | (41) | 250 |
| Total School Administration | <u>112,308</u> | <u>112,308</u> | <u>86,069</u> | <u>26,239</u> | <u>86,213</u> |

(Continued)
See the accompanying Independent Auditors' Report

LONE STAR SCHOOL DISTRICT 101
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

| | 2019 | | | | 2018 |
|--|--------------------|--------------------|---------------------|----------------------------------|---------------------|
| | Original Budget | Final Budget | Actual | Variance with Final Budget | Actual |
| (Continued) | | | | | |
| EXPENDITURES (Continued) | | | | | |
| Supporting Services (Continued) | | | | | |
| Business Services | | | | | |
| Salaries | 26,800 | 26,800 | 24,974 | 1,826 | 22,634 |
| Benefits | 12,877 | 12,877 | 11,231 | 1,646 | 10,899 |
| PS - Professional | 8,500 | 8,500 | 6,442 | 2,058 | 7,137 |
| PS - Other | 3,600 | 3,600 | 2,802 | 798 | 1,082 |
| Supplies | 1,000 | 1,000 | 1,021 | (21) | 450 |
| Property | 500 | 500 | 500 | - | 4,082 |
| Total Business Services | 53,277 | 53,277 | 46,970 | 6,307 | 46,284 |
| Operations and Maintenance | | | | | |
| Salaries | 44,886 | 44,886 | 41,829 | 3,057 | 37,734 |
| Benefits | 16,497 | 16,497 | 14,792 | 1,705 | 13,771 |
| PS - Property | 29,900 | 29,900 | 18,691 | 11,209 | 33,733 |
| PS - Other | 1,200 | 1,200 | 1,021 | 179 | 2,576 |
| Supplies | 75,500 | 75,500 | 71,376 | 4,124 | 66,534 |
| Property | 2,000 | 2,000 | 1,738 | 262 | 1,900 |
| Other Expenses | 4,000 | 4,000 | 2,995 | 1,005 | 4,000 |
| Total Operations and Maintenance | 173,983 | 173,983 | 152,442 | 21,541 | 160,248 |
| Transportation | | | | | |
| Salaries | 40,500 | 40,500 | 36,012 | 4,488 | 36,790 |
| Benefits | 9,432 | 9,570 | 7,778 | 1,792 | 7,851 |
| PS - Professional | 850 | 850 | 670 | 180 | 718 |
| PS - Property | 15,200 | 15,200 | 16,267 | (1,067) | 15,200 |
| PS - Other | 250 | 250 | 67 | 183 | 250 |
| Supplies | 31,700 | 31,700 | 23,092 | 8,608 | 25,059 |
| Property | 50,000 | 50,000 | 55,899 | (5,899) | 171,150 |
| Total Transportation | 147,932 | 148,070 | 139,785 | 8,285 | 257,018 |
| Other Central Support | | | | | |
| PS - Other | 60,000 | 60,000 | 50,483 | 9,517 | 41,770 |
| Facilities/Capital Outlay | | | | | |
| Buildings | 500 | 500 | - | 500 | - |
| Debt Service | | | | | |
| Principal | - | - | - | - | 143 |
| Interest | - | - | - | - | 13 |
| Total Debt Service | - | - | - | - | 156 |
| Contingency | 356,300 | 1,521,993 | - | 1,521,993 | - |
| TOTAL EXPENDITURES | 2,231,210 | 3,397,041 | 1,783,729 | 1,613,312 | 1,790,820 |
| REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES | (254,025) | (1,424,756) | 289,920 | 1,714,676 | 138,219 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers | (30,000) | (30,000) | (30,000) | - | - |
| Capital Lease Proceeds | - | - | - | - | 3,582 |
| TOTAL OTHER FINANCING SOURCES (USES) | (30,000) | (30,000) | (30,000) | - | 3,582 |
| CHANGE IN FUND BALANCE | (284,025) | (1,454,756) | 259,920 | 1,714,676 | 141,801 |
| BEGINNING FUND BALANCE | 289,684 | 1,455,993 | 1,455,993 | - | 1,314,192 |
| ENDING FUND BALANCE | \$ 5,659 | \$ 1,237 | \$ 1,715,913 | \$ 1,714,676 | \$ 1,455,993 |

See accompanying Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

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SPECIAL REVENUE FUND

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are restricted to expenditures for specified purposes.

The District has one special revenue funds as follows:

Food Service Fund (Nonmajor)

The Food Service Fund accounts for all financial activities associated with the District's school lunch program.

LONE STAR SCHOOL DISTRICT 101
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Food Service Fund
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

| | 2019 | | Variance with Final Budget | 2018 | |
|--|-----------------|------------------|----------------------------------|------------------|--------|
| | Final Budget | Actual | | Budget | Actual |
| REVENUES | | | | | |
| Local Sources | | | | | |
| Food Service Revenue | \$ 11,500 | \$ 20,508 | \$ 9,008 | \$ 16,763 | |
| State Sources | | | | | |
| State Grants from CDE | | | | | |
| State Matching Child Nutrition | 1,000 | 527 | (473) | 498 | |
| Start Smart Nutrition | 300 | 375 | 75 | 570 | |
| School Lunch Protection Program: Free and Reduced for Pre-K th 2 | 600 | 439 | (161) | 819 | |
| Total State Sources | 1,900 | 1,341 | (559) | 1,887 | |
| Federal Sources | | | | | |
| Federal Grants from CDE | | | | | |
| School Breakfast Program | 4,600 | 7,182 | 2,582 | 6,420 | |
| National School Lunch Program | 18,000 | 22,431 | 4,431 | 22,979 | |
| Federal Grants from Other State Agencies | | | | | |
| National School Lunch Program - Commodities | - | 2,958 | 2,958 | 4,485 | |
| Total Federal Sources | 22,600 | 32,571 | 9,971 | 33,884 | |
| TOTAL REVENUES | 36,000 | 54,420 | 18,420 | 52,534 | |
| EXPENDITURES | | | | | |
| Supporting Services | | | | | |
| Food Service | | | | | |
| Salaries | 24,704 | 22,888 | 1,816 | 21,148 | |
| Benefits | 11,228 | 10,458 | 770 | 9,423 | |
| PS - Property | 500 | 500 | - | 1,558 | |
| Supplies | 1,200 | 1,136 | 64 | 1,644 | |
| Food | 30,500 | 27,939 | 2,561 | 21,717 | |
| Commodities | - | 2,958 | (2,958) | 4,485 | |
| Property | - | - | - | 2,770 | |
| TOTAL EXPENDITURES | 68,132 | 65,879 | 2,253 | 62,745 | |
| REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES | (32,132) | (11,459) | 20,673 | (10,211) | |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers | 30,000 | 30,000 | - | - | |
| CHANGE IN FUND BALANCE | (2,132) | 18,541 | 20,673 | (10,211) | |
| BEGINNING FUND BALANCE | 4,700 | 26,260 | 21,560 | 36,471 | |
| ENDING FUND BALANCE | \$ 2,568 | \$ 44,801 | \$ 42,233 | \$ 26,260 | |

See accompanying Independent Auditors' Report.

FIDUCIARY FUNDS

Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private and student groups.

The District has established agency funds to account for various student activity groups and contributions from private organizations as well as its scholarship activity. The agency funds are custodial in nature and do not involve measurement of results of operations.

LONE STAR SCHOOL DISTRICT 101
Schedule of Revenues, Expenses and Changes in Fiduciary Net Position
Budget and Actual
Fiduciary Funds
Rhodes Scholarship Agency Fund
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

| | 2019 | | Variance with Final Budget | 2018 |
|-------------------------------|-------------------|------------------|----------------------------------|------------------|
| | Final Budget | Actual | | Actual |
| ADDITIONS | | | | |
| Local Sources | \$ - | \$ 1,576 | \$ 1,576 | \$ 5,113 |
| DEDUCTIONS | | | | |
| Instruction | 3,000 | 2,865 | 135 | 4,785 |
| CHANGE IN NET POSITION | (3,000) | (1,289) | 1,711 | 328 |
| BEGINNING NET POSITION | - | 32,408 | 32,408 | 32,080 |
| ENDING NET POSITION | <u>\$ (3,000)</u> | <u>\$ 31,119</u> | <u>\$ 34,119</u> | <u>\$ 32,408</u> |

See accompanying Independent Auditors' Report.

LONE STAR SCHOOL DISTRICT 101
Schedule of Revenues, Expenses and Changes in Fiduciary Net Position
Budget and Actual
Fiduciary Funds
Pupil Activity Agency Fund
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

| | 2019 | | Variance with Final Budget | 2018 Actual |
|-------------------------------|-------------------------|------------------|---|------------------------|
| | Final Budget | Actual | | |
| ADDITIONS | | | | |
| Local Sources | \$ 100,000 | \$ 95,713 | \$ (4,287) | \$ 108,640 |
| DEDUCTIONS | | | | |
| Instruction | 100,000 | 87,316 | 12,684 | 85,109 |
| CHANGE IN NET POSITION | - | 8,397 | 8,397 | 23,531 |
| BEGINNING NET POSITION | - | 89,203 | 89,203 | 65,672 |
| ENDING NET POSITION | <u>\$ -</u> | <u>\$ 97,600</u> | <u>\$ 97,600</u> | <u>\$ 89,203</u> |

See accompanying Independent Auditors' Report.

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STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 3060 - Lone Star 101
 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 | 1,455,993 | 2,043,648 | 1,783,729 | 1,715,913 |
| 18 Risk Mgmt Sub-Fund of General Fund | 0 | 0 | 0 | 0 |
| 19 Colorado Preschool Program Fund | 0 | 0 | 0 | 0 |
| Sub- Total | 1,455,993 | 2,043,648 | 1,783,729 | 1,715,913 |
| 11 Charter School Fund | 0 | 0 | 0 | 0 |
| 20,26-29 Special Revenue Fund | 0 | 0 | 0 | 0 |
| 06 Supplemental Cap Const, Tech, Main, Fund | 0 | 0 | 0 | 0 |
| 21 Food Service Spec Revenue Fund | 26,260 | 84,420 | 65,879 | 44,801 |
| 22 Govt Designated-Purpose Grants Fund | 0 | 0 | 0 | 0 |
| 23 Pupil Activity Special Revenue Fund | 0 | 0 | 0 | 0 |
| 24 Full Day Kindergarten Mill Levy Override | 0 | 0 | 0 | 0 |
| 25 Transportation Fund | 0 | 0 | 0 | 0 |
| 31 Bond Redemption Fund | 0 | 0 | 0 | 0 |
| 39 Certificate of Participation (COP) Debt Service Fund | 0 | 0 | 0 | 0 |
| 41 Building Fund | 0 | 0 | 0 | 0 |
| 42 Special Building Fund | 0 | 0 | 0 | 0 |
| 43 Capital Reserve Capital Projects Fund | 0 | 0 | 0 | 0 |
| 46 Supplemental Cap Const, Tech, Main Fund | 0 | 0 | 0 | 0 |
| Totals | 1,482,253 | 2,128,069 | 1,849,609 | 1,760,713 |
| Proprietary | | | | |
| 50 Other Enterprise Funds | 0 | 0 | 0 | 0 |
| 64 (63) Risk-Related Activity Fund | 0 | 0 | 0 | 0 |
| 60,65-69 Other Internal Service Funds | 0 | 0 | 0 | 0 |
| Totals | 0 | 0 | 0 | 0 |
| Fiduciary | | | | |
| 70 Other Trust and Agency Funds | 0 | 0 | 0 | 0 |
| 72 Private Purpose Trust Fund | 0 | 0 | 0 | 0 |
| 73 Agency Fund | 32,408 | 1,577 | 2,865 | 31,119 |
| 74 Pupil Activity Agency Fund | 89,203 | 95,713 | 87,316 | 97,600 |
| 79 GASB 34:Permanent Fund | 0 | 0 | 0 | 0 |
| 85 Foundations | 0 | 0 | 0 | 0 |
| Totals | 121,611 | 97,290 | 90,181 | 128,720 |

FINAL



Colorado Department of Education

Bolded Balance Sheet Report

District: 3060 - Lone Star 101

Fiscal Year 2018-19

Colorado School District/BOCES

| ASSETS | Governmental | | | | | | | Proprietary | | | | | Fiduciary | | |
|--|------------------------|------------------------|-------------------|---------------------------------|--------------------------------|--------------------------------------|--------------------------|------------------------------------|--------------------------------|----------------------------------|-----------------------------------|---------------------------------|----------------------------|---------------------|--------|
| | General Funds 10,12-18 | Charter School Fund 11 | Preschool Fund 19 | Special Revenue Funds 20, 22-29 | Supplemental Cap Const Fund 06 | Food Service Special Revenue Fund 21 | Debt Service Funds 30-39 | Capital Projects Funds 40-45,47-49 | Supplemental Cap Const Fund 46 | Other Enterprise Funds 50, 52-59 | Risk-Related Activity Funds 63-64 | Other Internal Service Funds 60 | Trust & Agency Funds 70-79 | Foundations Fund 85 | Totals |
| Cash and Investments (8100-8104,8111) | 1,847,494 | 0 | 0 | 0 | 0 | 43,708 | 0 | 0 | 0 | 0 | 0 | 128,720 | 0 | 2,019,922 | |
| Cash with Fiscal Agent (8105) | 2,107 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,107 | |
| Taxes Receivable (8121,8122) | 6,761 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,761 | |
| Interfund Loans Receivable (8131,8132) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Grants Accounts Receivable (8142) | 9,029 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9,029 | |
| Other Receivables (8151-8154,8161) | 4,000 | 0 | 0 | 0 | 0 | 1,140 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,140 | |
| Inventories (8171,8172,8173) | 0 | 0 | 0 | 0 | 0 | 1,973 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,973 | |
| Prepaid Expenses 8181,8182) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Machinery and Equipment (8241,8242,8251) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total Assets | 1,869,391 | 0 | 0 | 0 | 0 | 46,821 | 0 | 0 | 0 | 0 | 0 | 128,720 | 0 | 2,044,932 | |

See accompanying Independent Auditors' Report.

Proprietary

Fiduciary

Governmental

| | General Funds 10,12-18 | Charter School Fund 11 | Preschool Fund 19 | Special Revenue Funds 20, 22-29 | Supplemental Cap Const Fund 06 | Food Service Special Revenue Fund 21 | Debt Service Funds 30-39 | Capital Projects Funds 40-45, 47-49 | Supplemental Cap Const Fund 46 | Other Enterprise Funds 50, 52-59 | Risk-Related Activity Funds 63-64 | Other Internal Service Funds 60 | Trust & Agency Funds 70-79 | Foundations Fund 85 | Totals |
|---|------------------------|------------------------|-------------------|---------------------------------|--------------------------------|--------------------------------------|--------------------------|-------------------------------------|--------------------------------|----------------------------------|-----------------------------------|---------------------------------|----------------------------|---------------------|----------------|
| LIABILITIES & FUND EQUITY | | | | | | | | | | | | | | | |
| LIABILITIES | | | | | | | | | | | | | | | |
| Interfund Payables (7401,7402) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Payables (7421-7423) | 18,009 | 0 | 0 | 0 | 0 | 66 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 18,075 |
| Accrued Expenses (7461) | 135,523 | 0 | 0 | 0 | 0 | 715 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 136,238 |
| Payroll Ded. and Withholdings (7471-7473) | -449 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -449 |
| Unearned Revenue (7481) | 0 | 0 | 0 | 0 | 0 | 1,239 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,239 |
| Grants Deferred Revenue (7482) | 396 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 396 |
| Compensated Absences (7541) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferred Inflow (7800) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferred Inflow Grants (7801) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Liabilities | 153,478 | 0 | 0 | 0 | 0 | 2,020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 155,499 |

See accompanying Independent Auditors' Report.

Governmental

Proprietary

Fiduciary

| FUND EQUITY | General Funds 10,12-18 | Charter School Fund 11 | Preschool Fund 19 | Special Revenue Funds 20, 22-29 | Supplemental Cap Const Fund 06 | Food Service Special Revenue Fund 21 | Debt Service Funds 30-39 | Capital Projects Funds 40-45, 47-49 | Supplemental Cap Const Fund 46 | Other Enterprise Funds 50, 52-59 | Risk-Related Activity Funds 63-64 | Other Internal Service Funds 60 | Trust & Agency Funds 70-79 | Foundations Fund 85 | Totals |
|---|------------------------|------------------------|-------------------|---------------------------------|--------------------------------|--------------------------------------|--------------------------|-------------------------------------|--------------------------------|----------------------------------|-----------------------------------|---------------------------------|----------------------------|---------------------|------------------|
| Non-spendable Fund Balance 6710 | 0 | 0 | 0 | 0 | 0 | 1,973 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,973 |
| Restricted Fund Balance 6720 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TABOR 3% Emergency Reserve 6721 | 61,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 61,000 |
| TABOR Multi-Year 6722 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| District Emergency Reserve (letter of credit or real estate) 6723 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Colorado Preschool Program (CPP) Reserve 6724 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Full-Day Kindergarten Reserve 6725 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Risk-Related / Restricted Capital Reserve 6726 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BEST Capital Reserve 6727 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Committed Fund Balance 6750 | 0 | 0 | 0 | 0 | 0 | 42,828 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 42,828 |
| Assigned Fund Balance 6760 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unassigned Fund Balance 6770 | 1,654,913 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 128,720 | 0 | 1,783,633 |
| Invested in Capital Assets, Net of Related Debt 6790 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Restricted Net Assets 6791 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unrestricted Net Assets 6792 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Prior Period Adjustment 6880 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Fund Equity | 1,715,913 | 0 | 0 | 0 | 0 | 44,801 | 0 | 0 | 0 | 0 | 0 | 0 | 128,720 | 0 | 1,889,433 |

| | General Funds 10,12-18 | Charter School Fund 11 | Preschool Fund 19 | Special Revenue Funds 20, 22-29 | Supplemental Cap Const Fund 06 | Food Service Special Revenue Fund 21 | Debt Service Funds 30-39 | Capital Projects Funds 40-45, 47-49 | Supplemental Cap Const Fund 46 | Other Enterprise Funds 50, 52-59 | Risk-Related Activity Funds 63-64 | Other Internal Service Funds 60 | Trust & Agency Funds 70-79 | Foundations Fund 85 | Totals |
|--|------------------------|------------------------|-------------------|---------------------------------|--------------------------------|--------------------------------------|--------------------------|-------------------------------------|--------------------------------|----------------------------------|-----------------------------------|---------------------------------|----------------------------|---------------------|-----------|
| Total Liabilities & Fund Equity | 1,869,391 | 0 | 0 | 0 | 0 | 46,821 | 0 | 0 | 0 | 0 | 0 | 0 | 128,720 | 0 | 2,044,932 |
| Do Assets=Liability+Fund Equity | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

See accompanying Independent Auditors' Report.