

**EDISON SCHOOL DISTRICT 54JT
YODER, COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH
INDEPENDENT AUDITORS' REPORT
YEAR ENDED JUNE 30, 2019**



**Robert L. Davis
Certified Public Accountant
3130 Orion Drive, Suite 100
Colorado Springs, CO 80906**

EDISON SCHOOL DISTRICT 54JT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Edison School District 54JT
Yoder, Colorado

I have audited the accompanying financial statements of the governmental activities, each major fund, of the Edison School District 54JT, Yoder, Colorado (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund of the District as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the District's proportionate share of the net pension liability, the schedule of contributions and related ratios, and budgetary comparison information shown as required supplementary information in the table of contents, 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. I 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 principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The statements included in the other supplementary information section and Colorado Department of Education Auditor's Integrity Report are presented for additional analysis and are not a required part of the basic financial statements.

The other supplementary information and Colorado Department of Education Auditor's Integrity Report are the responsibility of management and were derived from and relate 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Colorado Springs, Colorado
October 4, 2019



**Edison School District 54JT
Management Discussion and Analysis
For the fiscal year ended June 30, 2019**

The discussion and analysis of Edison School District 54JT's 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 review the information presented here in conjunction with the notes to the basic financial statements and the financial statements to enhance their understanding of the District's performance.

Financial Highlights – Financial Statements as of June 30, 2019

- The assets of the District exceed its liabilities at the close of June 30, 2019 by \$14,467,104 (net assets) as reported in the government-wide financial statements.
- The District's government-wide total net assets increased by \$192,487 over the prior fiscal year.
- Program revenues for \$186,044 offset expenses from governmental activities of \$2,932,347. General revenues from property taxes and state equalization amounted to \$2,689,343.
- At the close of June 30, 2019, the District reported \$1,851,864 combined fund balances (budget basis) for the Governmental Funds, an increase of \$282,005. Revenues exceeded Expenditures by \$282,005 before transfers. An additional \$26,192 was transferred to the Food Service Fund for operations.

Edison School District 54JT
Management Discussion and Analysis
For the fiscal year ended June 30, 2019

Overview of the Financial Statements

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

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the District's net assets changed during the current fiscal year. Changes in net assets are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Both of the government-wide financial statements distinguish functions of the District that are supported by taxes from other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). Governmental activities of the District include instruction and support services and facility construction.

The government-wide financial statements can be found on pages 6-7 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the District's near-term financing requirements. The annual budget is provided on the basis of the governmental fund financial statements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental fund Statement of Revenues,

Edison School District 54JT
Management Discussion and Analysis
For the fiscal year ended June 30, 2019

Expenditures, and Changes in Fund Balances for the General Fund. Data from the one other governmental fund is combined into a single, aggregated presentation. Individual data for this fund is provided in the form of an individual statement in supplementary schedules with this report.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

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

Other information. The combining and individual fund statements referred to earlier in connection with non-major governmental funds and enterprise funds are presented after the notes to the financial statements. A budget comparison is provided for each major fund and enterprise fund. The additional schedule required as part of the Colorado Public School Finance Act can also be found after the notes to the financial statements.

Government-wide Financial Analysis

The assets of the District are classified as current assets and capital assets. Cash, investments, receivables, inventories and other assets are current assets. These assets are available to provide resources for the near-term operations of the District. A good portion of the current assets is the result of the property tax collection process; the District receives about 86% of the annual property tax assessment between February and June.

Capital Assets are used in the operations of the District. These assets are land, improvements, buildings, equipment, and vehicles. Capital assets are discussed in greater detail in the section titled Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits and unearned revenues. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal 2018.

Edison School District 54JT
Management Discussion and Analysis
For the fiscal year ended June 30, 2019

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The District's assets exceeded liabilities by \$14,467,104 at the close of the most recent fiscal year.

| | <u>Governmental Activities</u> | |
|---|--------------------------------|----------------------|
| | <u>2019</u> | <u>2018</u> |
| Current and other assets | \$ 2,069,606 | \$ 1,779,347 |
| Capital assets | 17,599,066 | 18,124,916 |
| Total Assets | <u>19,668,672</u> | <u>19,904,263</u> |
| Deferred outflow of resources | 2,267,005 | 2,888,842 |
| Current and other liabilities | 259,655 | 253,132 |
| Long-term liabilities outstanding | 4,265,846 | 7,915,818 |
| Total Liabilities | <u>4,525,501</u> | <u>8,168,950</u> |
| Deferred inflow of resources | 2,943,072 | 349,538 |
| Net Position | | |
| Invested in capital assets, net of related debt | 17,032,148 | 17,534,916 |
| Restricted for: | | |
| TABOR | 81,000 | 75,000 |
| Debt Service | 78,248 | 70,674 |
| Unrestricted | (2,724,292) | (3,405,973) |
| As restated | | |
| Total Net Position | <u>\$ 14,467,104</u> | <u>\$ 14,274,617</u> |

The District's reported assets consist of current assets of \$2,069,606 and capital assets of \$17,599,066. The ratio of Current Assets to Current Liabilities of 7.97 to 1 indicates the District's ability to meet current obligations.

**Edison School District 54JT
Management Discussion and Analysis
For the fiscal year ended June 30, 2019**

| | Governmental Activities | |
|---|--------------------------------|----------------------|
| | 2019 | 2018 |
| Charges for services | \$ 42,969 | \$ 41,214 |
| Operating and capital grants and contributions | 143,075 | 158,687 |
| General revenues: | | |
| Property taxes | 198,371 | 194,357 |
| Specific ownership taxes | 17,820 | 15,996 |
| State Equalization | 2,473,152 | 2,331,631 |
| Loss – Asset Disposal | | |
| Other Sources | 209,212 | 113,698 |
| Interest | 40,235 | 22,212 |
| Total Revenues | 3,124,834 | 2,677,894 |
| Expenses: | | |
| Instruction | 1,850,311 | 2,095,342 |
| Support services | 961,032 | 1,125,723 |
| Capital outlay | | |
| Professional services | | |
| Debt service – interest | 23,265 | 24,540 |
| Facilities construction | 2,757 | 83,347 |
| Depreciation | | |
| Food services | 94,982 | 105,821 |
| Total Expenses | 2,932,347 | 3,434,773 |
| Change in Net Position | 192,487 | 1,706,946 |
| Net Position – Beginning, as restated | 14,274,617 | 12,567,67 |
| Net Position – Ending | \$ 14,467,104 | \$ 14,274,617 |

Governmental activities. Governmental activities increased the District’s net position in 2018 by \$1,706,946 and increased the net position in 2019 by \$192,487.

**Edison School District 54JT
Management Discussion and Analysis
For the fiscal year ended June 30, 2019**

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,851,864, an increase of \$282,005 on a budget basis.

- Revenue exceeded expenditures and transfers out of the General Fund by \$288,504 increasing fund balance to \$1,753,345.

General Fund Budgetary Highlights

The District is required to adopt a budget by June 30 for the following fiscal year. The Board of Education may make final changes to the previously adopted budget by January 30. The annual budget for Edison School District 54JT had significant differences between the original/final budgets in the General Fund. The original budget did not reflect an increase in salary expense for additional preschool staff hired that resulted in additional salary and benefit costs.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for governmental activities as of June 30, 2019 amounts to \$17,599,066 (net of accumulated depreciation). This investment in capital assets includes land, buildings, service vehicles, buses and playground, food service equipment, office and instructional equipment.

| | <u>Governmental Activities</u> | |
|--|--------------------------------|-----------------------------|
| | <u>2019</u> | <u>2018</u> |
| Governmental Fund | \$ | \$ |
| Capital Assets | | |
| Land and Building | 8,512 | 8,512 |
| Improvement | 19,066,730 | 19,041,592 |
| Equipment | 705,135 | 705,135 |
| Vehicles | 209,294 | 213,692 |
| Construction in Progress | | |
| Less: Accumulated Depreciation | <u>19,989,671</u> | <u>19,968,931</u> |
| | 2,390,605 | 1,844,015 |
| Total Governmental Funds Capital Assets | \$ <u>17,599,066</u> | \$ <u>18,124,916</u> |

**Edison School District 54JT
Management Discussion and Analysis
For the fiscal year ended June 30, 2019**

Economic Factors and Next Year's Budget

- The ever growing negative factor from the state continues to be a concern. It looks as though the district will receive a slight increase in per pupil funding for the 2019-2020 school year. This is still not enough to fill in the funding gaps but will help.
- Due to severe weather related events statewide, our property insurance increased almost 200%.
- Property and personal taxes continue to decrease, resulting in more of the funding coming from the state.
- The cost of fuel, electricity, and maintenance items continue to increase. We are continuing to absorb more of the upkeep and maintenance of the new building into the budget.
- The 2016-2017 count was 131 plus 112 prep students. The 2017-2018 was 133 plus 95 prep students. The count for 2018-2019 was 134 plus 97 prep students. The count for 2019-2020 will be 119 plus 123 prep students.
- The students are performing in the top of the state on state mandated tests as evidenced with our Accredited With Distinction rating this year.
- Edison's benefit package is lower than most districts in the state. Our benefits package will make staff recruitment difficult in coming years.
- BOCES costs will increase in the 2019-2020 school year as we have added another tech day and 2 more nurse days per month.
- Edison received a Small Rural Funding Grant that allowed us to update our entire secondary science curriculum to meet new state standards.
- Changes with PERA both at the state level as far as our contribution and the local level as we have a number of employees looking at retirement options.
- As we already provide full-day kindergarten and have a small class, this funded increase will be very minimal for the district.
- We will move from a traditional health plan to a new model from the BOCES to increase service and decrease our health care cost.
- Replacing long-time employees who are retiring has required us add a position to get coverage in all the areas left open.
- We have increased our transportation costs in order to recruit drivers for routes as well as looking to upgrade buses with high mileage.

Requests for Information

The financial report is designed to provide a general overview of Edison School District 54JT's finances for all those with an interest in the District's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 14550 Edison Road, Yoder, Colorado 80864.

**BASIC FINANCIAL
STATEMENTS**

Edison School District 54JT
Statement of Net Position
June 30, 2019

| | Primary Government Governmental Activities |
|---|---|
| Assets | |
| Current assets: | |
| Cash and cash equivalents | \$ 2,055,035 |
| Cash with county treasurer | 3,227 |
| Accounts receivable | 872 |
| Property taxes receivable | 4,748 |
| Grants receivable | 4,847 |
| Inventories | 877 |
| Total current assets | 2,069,606 |
| Capital assets: | |
| Land & construction in progress | 8,512 |
| Depreciable assets | 19,981,159 |
| Accumulated depreciation | (2,390,605) |
| Capital assets, net of depreciation | 17,599,066 |
| Total assets | 19,668,672 |
| Deferred outflows of resources - Pension: See note 6 | 2,252,905 |
| Deferred outflows of resources - OPEB: See note 7 | 14,100 |
| Liabilities | |
| Current liabilities: | |
| Accounts payable | 34,560 |
| Accrued salaries and benefits | 175,360 |
| Accrued compensated absences | 16,913 |
| Grants unearned | 7,822 |
| General obligation bonds payable-current | 25,000 |
| Total current liabilities | 259,655 |
| Noncurrent liabilities: | |
| Accrued interest payable | 1,918 |
| General obligation bonds | 540,000 |
| Net OPEB liability | 177,140 |
| Net pension liability | 3,546,788 |
| Total noncurrent liabilities | 4,265,846 |
| Total liabilities | 4,525,501 |
| Deferred inflows of resources - Pension: See note 6 | 2,940,743 |
| Deferred inflows of resources - OPEB: See note 7 | 2,329 |
| Net position | |
| Invested in capital assets, net of related debt | 17,032,148 |
| Restricted for: | |
| Debt service | 78,248 |
| TABOR | 81,000 |
| Unrestricted (deficit) | (2,724,292) |
| Total net position | \$ 14,467,104 |

See accompanying notes to basic financial statements

Edison School District 54JT
Statement of Activities
Fiscal year ended June 30, 2019

| | Expenses | Program Revenues | | | Capital Grants and Contributions | Net (Expenses) Revenue and Changes in Net Position |
|---|---------------------|----------------------|------------------------------------|-------------|----------------------------------|--|
| | | Charges for Services | Operating Grants and Contributions | Government | | |
| | | | | | | |
| Functions/Programs | | | | | | |
| Governmental activities: | | | | | | |
| Regular & special education instruction | \$ 1,759,281 | \$ 2,249 | \$ 64,296 | \$ - | \$ - | (1,692,736) |
| Cocurricular activities | 82,601 | 25,410 | - | - | - | (57,191) |
| Student services | 30,487 | - | - | - | - | (30,487) |
| Instructional staff | 23,368 | - | - | - | - | (23,368) |
| General administration | 78,038 | - | - | - | - | (78,038) |
| School administration | 67,662 | - | - | - | - | (67,662) |
| Support services - business | 166,824 | - | - | - | - | (166,824) |
| Operations and maintenance | 342,414 | - | - | - | - | (342,414) |
| Student transportation | 100,679 | - | 24,766 | - | - | (75,913) |
| Support services - central | 82,359 | - | - | - | - | (82,359) |
| Food production costs | 94,982 | 15,310 | 54,013 | - | - | (25,659) |
| Pike Peak BOCES | 77,630 | - | - | - | - | (77,630) |
| District-wide facilities acquisition | 2,757 | - | - | - | - | (2,757) |
| Interest expense, unallocated | 23,265 | - | - | - | - | (23,265) |
| Total primary government | \$ 2,932,347 | \$ 42,969 | \$ 143,075 | \$ - | \$ - | \$ (2,746,303) |
| General revenues | | | | | | |
| Taxes: | | | | | | |
| Local property taxes | | | | | \$ 198,371 | |
| Specific ownership taxes | | | | | 17,820 | |
| State equalization | | | | | 2,473,152 | |
| Other state and local sources | | | | | 209,212 | |
| Interest on investments | | | | | 40,235 | |
| Total general revenues and transfers | | | | | 2,938,790 | |
| Change in net position | | | | | 192,487 | |
| Net position July 1, 2018, as restated | | | | | 14,274,617 | |
| Net position June 30, 2019 | | | | | \$ 14,467,104 | |

Edison School District 54JT
Balance Sheet
Governmental Funds
June 30, 2019

| | General Fund | Food Service Fund | Pupil Activity Fund | Debt Service Fund | Total Governmental Funds |
|--|---------------------|-------------------------|---------------------------|-------------------------|--------------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 1,956,672 | \$ 3,138 | \$ 19,394 | \$ 75,831 | \$ 2,055,035 |
| Cash with county treasurer | 2,397 | - | - | 830 | 3,227 |
| Property taxes receivable | 3,161 | - | - | 1,587 | 4,748 |
| Accounts receivable | - | 872 | - | - | 872 |
| Grants receivable | - | 4,847 | - | - | 4,847 |
| Inventories | - | 877 | - | - | 877 |
| Total Assets | <u>\$ 1,962,230</u> | <u>\$ 9,734</u> | <u>\$ 19,394</u> | <u>\$ 78,248</u> | <u>\$ 2,069,606</u> |
| Liabilities | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 33,868 | \$ 692 | \$ - | \$ - | \$ 34,560 |
| Accrued salaries and benefits | 167,195 | 8,165 | - | - | 175,360 |
| Grants unearned | 7,822 | - | - | - | 7,822 |
| Total liabilities | <u>208,885</u> | <u>8,857</u> | <u>-</u> | <u>-</u> | <u>217,742</u> |
| Fund Balances - nonspendable, inventories | - | 877 | - | - | 877 |
| Fund Balances -spendable, reported in: | | | | | |
| Restricted fund balance, reported in: | | | | | |
| TABOR | 81,000 | - | - | - | 81,000 |
| Debt service | - | - | - | 78,248 | 78,248 |
| Committed fund balances, reported in: | | | | | |
| Special revenue funds | - | - | 19,394 | - | 19,394 |
| Unassigned fund balances, reported in: | | | | | |
| General fund | 1,672,345 | - | - | - | 1,672,345 |
| Total fund balances | <u>1,753,345</u> | <u>877</u> | <u>19,394</u> | <u>78,248</u> | <u>1,851,864</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,962,230</u> | <u>\$ 9,734</u> | <u>\$ 19,394</u> | <u>\$ 78,248</u> | <u>\$ 2,069,606</u> |

See accompanying notes to basic financial statements

Edison School District 54JT
Reconciliation of Governmental Funds Balance Sheet To
Statement of Net Position
June 30, 2019

| | | |
|---|-----------|-------------|
| Governmental funds total fund balances | \$ | 1,851,864 |
| Add: | | |
| Capital assets used in government activities are not considered current financial resources and, therefore, not reported in the governmental funds. reported in the governmental funds. | | 19,989,671 |
| Deferred outflows of resources: Pension and OPEB | | 2,267,005 |
| Deduct: | | |
| Accumulated depreciation is not recognized in the governmental funds because capital assets are expensed at the time of acquisition. | | (2,390,605) |
| Long-term liabilities for general obligation debt are not due and payable in the current period and, therefore, not reported reported in the funds: | | |
| 2015 General obligation bonds | (320,000) | |
| 2008 General obligation bonds | (245,000) | (565,000) |
| | | |
| Net pension liability | | (3,546,788) |
| Net OPEB liability | | (177,140) |
| Deferred inflows of resources: Pension and OPEB | | (2,943,072) |
| Compensated absences payable | | (16,913) |
| Accrued interest payable | | (1,918) |
| Government activities net position | \$ | 14,467,104 |

See accompanying notes to basic financial statements

in Fund Balances - Governmental Funds
Fiscal year ended June 30, 2019

| | General Fund | Food Service Fund | Pupil Activity Fund | Debt Service Fund | Total Governmental Funds |
|--|---------------------|-------------------|---------------------|-------------------|--------------------------|
| Revenues | | | | | |
| Local sources | \$ 267,746 | \$ 15,310 | \$ 25,410 | \$ 56,644 | \$ 365,110 |
| State sources | 2,638,924 | 2,128 | - | - | 2,641,052 |
| Federal sources | 64,296 | 51,885 | - | - | 116,181 |
| Total revenues | <u>2,970,966</u> | <u>69,323</u> | <u>25,410</u> | <u>56,644</u> | <u>3,122,343</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| Regular instruction | 1,442,299 | - | - | - | 1,442,299 |
| Curricular activities | 73,175 | - | 24,335 | - | 97,510 |
| Student services | 30,487 | - | - | - | 30,487 |
| Instructional staff | 30,998 | - | - | - | 30,998 |
| General administration | 91,873 | - | - | - | 91,873 |
| School administration | 91,655 | - | - | - | 91,655 |
| Support services - business | 216,295 | - | - | 550 | 216,845 |
| Operations and maintenance | 371,862 | - | - | - | 371,862 |
| Student transportation | 119,742 | - | - | - | 119,742 |
| Support services - central | 82,359 | - | - | - | 82,359 |
| Food production costs | - | 110,663 | - | - | 110,663 |
| Pikes Peak BOCES | 77,630 | - | - | - | 77,630 |
| District-wide facility acquisitions | 27,895 | - | - | - | 27,895 |
| Debt service: | | | | | |
| Principal retirements | - | - | - | 25,000 | 25,000 |
| Interest and fiscal charges | - | - | - | 23,520 | 23,520 |
| Total expenditures | <u>2,656,270</u> | <u>110,663</u> | <u>24,335</u> | <u>49,070</u> | <u>2,840,338</u> |
| Excess(deficiency) of revenues over(under) | 314,696 | (41,340) | 1,075 | 7,574 | 282,005 |
| Expenditures | | | | | |
| Other financing sources (uses) | | | | | |
| Proceeds from issuance of bonds | - | - | - | - | - |
| Transfer in | - | 26,192 | - | - | 26,192 |
| Transfer out | (26,192) | - | - | - | (26,192) |
| Total other financing sources (uses) | <u>(26,192)</u> | <u>26,192</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 288,504 | (15,148) | 1,075 | 7,574 | 282,005 |
| Fund balances at beginning of year | 1,464,841 | 16,025 | 18,319 | 70,674 | 1,569,859 |
| Fund balances at end of year | <u>\$ 1,753,345</u> | <u>\$ 877</u> | <u>\$ 19,394</u> | <u>\$ 78,248</u> | <u>\$ 1,851,864</u> |

Edison School District 54JT
Reconciliation of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019

| | | |
|---|-----------|----------------|
| Governmental funds changes in fund balances | \$ | 282,005 |
| Add: | | |
| Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay reported as an expenditure in the governmental funds functions. | | 20,740 |
| Principal retirement of District's long-term debt results in a reduction of accumulated resources on the fund financial statements. The government-wide statements show these reductions against the long-term liabilities. | | 25,000 |
| Deduct: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | | (546,590) |
| Add: | | |
| Interest expense is recorded on the cash basis in the funds: | | |
| Change in accrued interest | | 255 |
| Long-term payroll liabilities are expensed when paid in the funds | | |
| Compensated absences (accrued) paid | | 1,731 |
| Pension, OPEB and State Share expense adjustment | | 406,855 |
| State share nonemployer entity contribution | | 2,491 |
| Governmental activities change in net position | <u>\$</u> | <u>192,487</u> |

See accompanying notes to basic financial statements

EDISON SCHOOL DISTRICT 54JT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1 - **Summary of Significant Accounting Policies**

The Edison School District 54JT (the District) was formed in 1916 and encompasses the counties of El Paso, Lincoln and Pueblo, Colorado. The District operates under an elected Board of Education with five members and provides educational services to approximately 150 students in-house and 70 on-line and college students.

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

Reporting Entity

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

The District is not included in any other governmental "reporting entity" as defined in GASB No. 14. As required by accounting principles generally accepted in the USA, these basic financial statements present the District (the primary government) and its component units. The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

Government-wide and Fund Financial Statements

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. The effect of inter-fund activity has been removed from these statements. 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. General revenues consist of taxes and others sources not described above.

Separate financial statements are provided for the governmental funds. Major individual governmental funds (General Fund, Pupil Activity Fund, Food Service Fund and Debt Service Fund) are reported as separated columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, deferred outflows current liabilities, and deferred inflows or resources generally are included on the balance sheet. This means that only current liabilities are generally included on their balance sheets.

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

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

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

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts. Unearned grant revenues are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of expenditures are recorded as unearned grant revenue.

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

Fund Accounting

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

- **Major Governmental Funds**

1. General Fund – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
2. Bond Redemption Debt Service Fund - used to account for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.
3. Food Service Fund (a Special Revenue Fund) – this fund accounts for all financial activities associated with the District’s school breakfast and lunch that are committed to for the programs.
4. Pupil Activity Fund (a Special Revenue Fund) – used to account for and report the proceeds of specific revenue sources, such as athletic and non-athletic fundraisers, that are restricted or committed to expenditure for specified purposes to be used in various student athletic and co-curricular organizations.
5. Capital Projects Fund – Building Fund – used to account for the construction costs of new buildings associated with the State’s BEST grant.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity

Cash and Cash Equivalents

Cash of some funds are pooled into common pooled accounts in order to maximize investment opportunities. An individual fund’s pooled Cash and Cash Investments

are available upon demand and are considered to be “cash equivalents”. Negative balances incurred in pooled cash at year-end are treated as a liability of that fund.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. No amounts were determined to be uncollectible at June 30, 2019. Property taxes levied in the current year but not received at year-end are identified as property taxes receivable and are presented net of an allowance for uncollectible taxes.

Inventories

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

Capital Assets

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

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

The monetary threshold for capitalization of assets is \$3,000. The District’s capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets. Depreciation of all capital assets used by the proprietary fund is charged as an expense against their operations. Estimate useful lives are:

| | |
|-----------------------------------|----------------|
| Vehicles | 7-10 years |
| Furniture, fixtures and equipment | 10 to 20 years |
| Buildings and improvements | 20 to 40 years |

Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position. The District records long-term debt of governmental funds at the face value. The District’s general obligation bonds are serviced from property taxes and other revenues of the Debt Service Fund.

Deferred Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period and so will not be recognized as an outflow of the resources (expenditure) until that time. In addition to liabilities, the statement of financial position reports a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenues) until that time.

Compensated Absences/Sick Leave

It is the District's policy to permit employees to accumulate a limited amount of earned but unused sick pay benefits, which will be paid to employees upon separation from District service. All compensated absences liabilities are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirements. Employees earn 6 sick leave days for each year worked. After 3 years of employment with the District, the entire sum of sick leave accrued (limited to 30 days) is paid at termination at the rate of \$47.50 per day.

Budgets and Budgeting Accounting

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

1. Budgets are required by state law for all funds. Prior to June 1, the District submits to the Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to June 30, the budget is adopted by formal resolution of the Board.
4. Expenditures may not legally exceed appropriations at the fund level. The District is authorized to transfer budgeted amounts between departments within any fund; however, the Board must approve any revisions that alter the total expenditures of any fund.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Project Fund, Debt Service Fund and Enterprise (Food Service) Fund.
6. Budgets for the General Fund, Special Revenue Funds, Capital Project Fund, Debt Service Fund and Enterprise (Food Service) Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Fund Equity

Net Position/Fund Balances - In the government-wide financial statements and for the proprietary fund statements, net positions are either shown as invested in capital assets net of related debt, 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 should be 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, should be 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, should be 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.

For the classification of fund and net asset balances, the District considers an expenditure to be made from the most restrictive classification first, when more than one classification is available.

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restrictions for the District are recorded up to the maximum equity available in the fund balance and consist of:

Restricted for Debt Service – These reserves are established for amounts set aside for payments of principal and interest on the bonds payable. Recorded reserves at June 30, 2019 are \$78,248.

Restricted for the Preschool Program – These reserves are established for amounts required to be set aside for preschool. There were no recorded reserves at June 30, 2019.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements in those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

Note 2 - **Deposits and Investments**

Deposits

The District's investment policies are approved by the Board of Education and governed by Colorado statute. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; state regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds. The pool is to be maintained by another financial institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The District is authorized by Colorado State statutes to invest in the following:

- Obligations of the United States government and certain government agencies securities
- Certain international agency securities
- General obligation and revenue bonds of governmental entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Guaranteed investment contracts
- Checking with interest savings accounts

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. At year-end the District's bank balance was \$2,070,210. Of the bank balance, \$250,000 was covered by FDIC insurance. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA. The District's carrying balance as of June 30, 2019 was \$2,055,035 with the entire amount at Farmers State Bank. The difference between the District's carrying balance and bank balance is outstanding checks and deposits in transit.

Note 3 - **Property Tax**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied in December and are payable in full by April 30 or in two equal installments due February 28 and June 15 of the following year. The El Paso County Treasurer collects property taxes for all taxing entities within the Districts boundaries. District property tax revenues are accounted for in the General and Debt Service Funds. Property taxes at the fund level are recorded as receivable and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

Note 4 - **Capital Assets**

A summary of changes in capital assets follows:

Governmental Activities

| | <u>Balance</u> <u>July 1,2018</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30,2019</u> |
|-------------------------|--------------------------------------|------------------|------------------|---------------------------------------|
| Non-depreciable assets: | | | | |
| Land | \$ 8,512 | \$ - | \$ - | \$ 8,512 |
| Const.-in-progress | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Non-depreciable | <u>\$ 8,512</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,512</u> |

| | <u>Balance</u> <u>July 1,2018</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30,2019</u> |
|-------------------------------------|--------------------------------------|------------------|------------------|---------------------------------------|
| Depreciable Assets: | | | | |
| Buildings & Sites | \$ 19,041,592 | \$ 25,138 | \$ - | \$ 19,066,730 |
| Equipment Furniture And Fixtures | 705,135 | - | - | 705,135 |
| Vehicles | <u>213,692</u> | <u>-</u> | <u>4,398</u> | <u>209,294</u> |
| Total Depreciable Assets | <u>\$ 19,960,419</u> | <u>\$ 25,138</u> | <u>\$ 4,398</u> | <u>\$ 19,981,159</u> |

Less accumulated depreciation for:

| | | | | |
|-------------------------------------|----------------------|-------------------|-----------------|----------------------|
| Buildings & Sites | \$ 1,506,672 | \$ 472,512 | \$ - | \$ 1,979,184 |
| Equipment Furniture And Fixtures | 176,473 | 51,328 | - | 227,801 |
| Vehicles | <u>160,870</u> | <u>27,148</u> | <u>4,398</u> | <u>183,620</u> |
| Total Accumulated Depreciation | <u>\$ 1,844,015</u> | <u>\$ 550,988</u> | <u>\$ 4,398</u> | <u>\$ 2,399,605</u> |
| Total Capital Assets, Net | <u>\$ 18,124,916</u> | <u>\$ 525,850</u> | <u>\$ -</u> | <u>\$ 17,599,066</u> |

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

| | |
|---|-------------------|
| <u>Governmental activities: Regular instruction</u> | <u>\$ 550,988</u> |
|---|-------------------|

Note 5 - **Long-Term Debt**

The following is a summary of long-term debt:

| | <u>Balance</u> <u>July 1, 2018</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>June 30, 2019</u> |
|----------------------|---------------------------------------|------------------|-------------------|--|
| G.O. Bonds-2008 | \$ 325,000 | \$ - | \$ 15,000 | \$ 310,000 |
| G.O. Bonds-2015 | <u>265,000</u> | <u>-</u> | <u>10,000</u> | <u>255,000</u> |
| Totals G.O Bonds | <u>590,000</u> | <u>-</u> | <u>25,000</u> | <u>565,000</u> |
| Sick Leave | 18,644 | - | 1,731 | 16,913 |
| Total Long-Term Debt | <u>\$ 608,644</u> | <u>\$ -</u> | <u>\$ 26,731</u> | <u>\$ 581,913</u> |

Amount of General Obligation Bonds due within one year \$ 25,000

In October of 2015, the District issued \$ 285,000 in general obligation bonds for the purpose of acquisition, construction, equipping and furnishing a new school. These bonds bear interest of 3.00% which is payable semi-annually on June 1 and December 1. The bonds mature on December 1 annually from 2016 through 2034.

The annual debt service requirements of the 2015 General Obligation Bonds are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|-------------------|------------------|-------------------|
| 2020 | \$ 10,000 | \$ 7,500 | \$ 17,500 |
| 2021 | 10,000 | 7,200 | 17,200 |
| 2022 | 10,000 | 6,900 | 16,900 |
| 2023 | 10,000 | 6,600 | 16,600 |
| 2024 | 10,000 | 6,300 | 16,300 |
| 2025 | 10,000 | 6,000 | 16,000 |
| 2026-2031 | 60,000 | 25,200 | 85,200 |
| 2032-2034 | <u>135,000</u> | <u>12,825</u> | <u>147,825</u> |
| Total | <u>\$ 255,000</u> | <u>\$ 78,525</u> | <u>\$ 333,525</u> |

In March of 2008, the District issued \$ 450,000 in general obligation bonds for the purpose of acquisition, construction, equipping and furnishing a new school. These bonds bear interest from 4.80% to 5.00% which is payable semi-annually on June 1 and December 1. The bonds mature on December 1 annually from 2008 through 2032.

The annual debt service requirements of the 2008 General Obligation Bonds are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|-------------------|-------------------|-------------------|
| 2020 | \$ 15,000 | \$ 15,000 | \$ 30,000 |
| 2021 | 15,000 | 14,280 | 29,280 |
| 2022 | 20,000 | 13,440 | 33,440 |
| 2023 | 20,000 | 12,480 | 32,480 |
| 2025-2030 | 85,000 | 35,875 | 120,875 |
| 2031-2033 | <u>135,000</u> | <u>17,645</u> | <u>152,645</u> |
| Total | <u>\$ 310,000</u> | <u>\$ 120,220</u> | <u>\$ 430,220</u> |

Note 6 - **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 nonemployer contribution for financial reporting purposes.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

General Information about the Pension Plan

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

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

| | | |
|---|---------------|---------------|
| Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 | 5.50% | 5.50% |
| Total employer contribution rate to the SCHDTF | 19.13% | 19.13% |

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$216,165 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 contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2019, the District reported a liability of \$3,546,788 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

| | |
|--|-------------|
| The District proportionate share of the net pension liability | \$3,546,788 |
| The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District | \$ 426,638 |
| Total | \$3,973,426 |

At December 31, 2018, the District proportion was .0200303669 percent, which was a decrease of 0.0021878435 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension credit of \$415,024 and revenue of \$2,491 for support from the State as a nonemployer 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:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ 213,229 | \$ 2,218,183 |
| Changes of assumptions or other inputs | \$ 1,525,520 | - |
| Net difference between projected and actual earnings on pension plan investments | \$ 385,618 | \$ 211,609 |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | \$ 20,498 | \$ 510,951 |
| Contributions subsequent to the measurement date | \$ 108,040 | N/A |
| Total | \$ 2,252,905 | \$ 2,940,743 |

\$108,040 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, 2019: | |
|----------------------------------|--------------|
| June 30, 2020 | \$ (766,376) |
| June 30, 2021 | \$ (766,376) |
| June 30, 2022 | \$ 89,525 |
| June 30, 2023 | \$ 580,531 |
| June 30, 2024 | \$ 66,818 |
| Thereafter | \$ - |

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

| | |
|-----------------------|--------------|
| Actuarial cost method | Entry age |
| Price inflation | 2.40 percent |
| Real wage growth | 1.10 percent |

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

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

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

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

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

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

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

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions

workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

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

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

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of

future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

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

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

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.43 percent were

used in the discount rate determination resulting in a discount rate of 4.78 percent, 2.47 percent lower compared to the current measurement date.

Sensitivity of the 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 liability | \$4,504,421 | \$3,546,788 | \$2,731,027 |

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.

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 which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2019, program members contributed \$14,167 the Voluntary Investment Program. The District contributed \$1,800 to employees 401(k) defined contribution plan.

Note 7 - **Defined Benefit Other Post Employment (OPEB) Plan**

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.

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.

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 \$11,617 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 \$177,140 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 contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the District proportion was 0.0130198434 percent, which was an increase of 0.0003955383 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2109, the District recognized OPEB expense of \$5,678. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---------------------------------------|--------------------------------------|
| Difference between expected and actual experience | \$ 1,267 | \$ 270 |
| Changes of assumptions or other inputs | \$ 1,039 | \$ - |
| Net difference between projected and actual earnings on OPEB plan investments | \$ 1,019 | \$ 2,059 |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | \$ 4,969 | \$ - |
| Contributions subsequent to the measurement date | \$ 5,806 | N/A |
| Total | \$ 14,100 | \$ 2,329 |

\$5,806 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended June 30, 2019: | |
|----------------------------------|----------|
| June 30, 2020 | \$ 1,376 |
| June 30, 2021 | \$ 1,376 |
| June 30, 2022 | \$ 1,006 |
| June 30, 2023 | \$ 1,005 |
| June 30, 2024 | \$ 750 |
| Thereafter | \$ 452 |

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

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

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

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

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

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

| | | |
|-------------------------------|-------|-------|
| UnitedHealthcare Medicare HMO | \$686 | \$213 |
|-------------------------------|-------|-------|

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.

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

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

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

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

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

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

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

| | 1% Decrease in Trend Rates | Current Trend Rates | 1% Increase in Trend Rates |
|-------------------------------------|----------------------------|---------------------|----------------------------|
| PERACare Medicare trend rate | 4.00% | 5.00% | 6.00% |
| Initial Medicare Part A trend rate | 2.25% | 3.25% | 4.25% |
| Ultimate Medicare Part A trend rate | 4.00% | 5.00% | 6.00% |
| Net OPEB Liability | \$171,826 | \$177,140 | \$182,454 |

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

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

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

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

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|------------------------|----------------------------------|---------------------|
| Proportionate share of the net OPEB liability | \$198,397 | \$177,140 | \$159,426 |

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 8 - **Joint Ventures**

The District participates in with the Pikes Peak Board of Cooperative Educational Services (BOCES). The District has one member on the Board, which is selected by participating districts. This Board has final authority for all budgeting and financing of the joint venture. The District's June 30, 2019 contribution amounted to \$77,630. The District's share of annual contributions to the joint venture was approximately 8% for the year ended June 30, 2019. Complete financial statements for BOCES can be obtained at their administrative offices at 2883 South Circle Drive, Colorado Springs, Colorado 80906.

Note 9- **Auditor's Integrity Report**

The Colorado Department of Education requires the inclusion of the Auditor's Integrity Report as a supplemental schedule to the audited financial statements. The report is based on a prescribed basis of accounting that demonstrates compliance with the financial policies and procedures of the Colorado Department of Education.

Note 10- **Risk Management**

The District participates in Colorado School District Self-Insurance Pool. The pool is a separate legal entity established by the member school districts pursuant to the provisions of Colorado Revised Statute and the Colorado Constitution. In 1985, the District Board approved a resolution that authorized the District to participate in the pool. The District has participated each year since then.

It is the intent of the members of the Pool to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of the Pool against stated liability or loss to the limit of the financial resources of the Pool.

It is also the intent of the members to have the Pool provide continuing stability and availability of needed coverage at reasonable cost. All income and assets of the Pool shall be at all times dedicated to the exclusive benefit of its members.

The Pool is a separate legal entity and the District does not approve budgets nor does it have the ability to significantly affect the operations of the unit.

Complete financial statements for the Pool can be obtained at their offices.

The District is exposed to various risks of loss related to torts, thefts of damage to, or destruction of assets; errors or omissions; injuries to volunteers; or acts of God. The District maintains commercial insurance coverage for general liability, workers compensation, property, vehicle damage and liability, umbrella, management liability and public official bond. The District did not have any claim settlements in excess of coverage for the last three years.

Note 11 - **Interfund Transactions**

The following identifies cash transfers from the General Fund to the Food Service Fund at June 30, 2019:

| <u>Fund</u> | <u>Transfer from</u> | <u>Transfer to</u> |
|-------------------|----------------------|--------------------|
| General Fund | \$ 26,192 | |
| Food Service Fund | | \$ 26,192 |

Note 12 - **Accrued Teachers' Salaries and Employee Benefits**

Teachers' contracts are for a nine or ten-month period; but are paid in twelve equal payments. At the end of the fiscal year an accrual exists for the difference between the amounts due on the contract and the amounts paid.

Note 13 - **Operating Leases**

The District has entered into operating leases for several copiers and printers. Monthly rentals are \$1,381. Lease expense as of June 30, 2019 was \$16,572. The minimum annual rental commitments under these leases are as follows:

| | |
|---------------------|------------------|
| Year ended June 30: | |
| 2020 | \$ 16,572 |
| 2021 | <u>16,572</u> |
| Total | <u>\$ 33,144</u> |

Note 14- **Commitments and Contingencies**

State of Colorado – The District has undergone an audit by the State of Colorado for pupil counts and educational expenditures in regards to the District's on-line education program. Any disallowed per pupil funding as a result of this audit, including amounts already collected, may constitute a reduction in state equalization to the District. The amount of expenditures and pupil counts, which were disallowed by the state, will be reduced from future state equalization allocations.

Grants – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government and State of Colorado. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Tabor - In November 1992, the voters of Colorado approved Amendment I, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new

Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments, including school districts.

The District's financial activity provides the basis for calculation of future limitations adjusted for allowable increases tied to inflation and enrollment growth. Subsequent to 1992, revenues in excess of the District's "spending limit" must be refunded unless voters approve the retainage of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases, and new debt.

On November 4, 1997, the voters of the district approved a referendum for Edison School District 54JT. The voters authorized the district to collect, retain and expend all revenues and other funds collected during 1998 and each subsequent year from any source notwithstanding the limitations of Article X, section 20 of the Colorado constitution, effective January 1, 1998, provided however, that no property tax mill levy shall be increased at any time nor shall any new tax be imposed without the prior approval of the voters of Edison School District 54JT. TABOR is complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance.

As of June 30, 2019 for budgetary purposes the District reserved \$81,000 in the General Fund.

Note 15 - **Evaluation of Subsequent Events**

The District's management has evaluated subsequent events through October 4, 2019 (the date of the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

Edison School District 54JT
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
Fiscal Year Ended June 30, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with</u> |
|--|-------------------------|--------------------|-----------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| | | | | <u>Positive</u> |
| | | | | <u>(Negative)</u> |
| Revenues | | | | |
| Local sources | | | | |
| Property taxes | \$ 153,507 | \$ 142,118 | \$ 141,727 | \$ (391) |
| Specific ownership taxes | 8,810 | 8,810 | 17,820 | 9,010 |
| Delinquent taxes and interest | 300 | 300 | 432 | 132 |
| Tuition | 2,000 | 2,000 | 2,249 | 249 |
| Other local sources | 36,618 | 36,618 | 65,283 | 28,665 |
| Interest on investments | 20,000 | 36,000 | 40,235 | 4,235 |
| Total local sources | <u>221,235</u> | <u>225,846</u> | <u>267,746</u> | <u>41,900</u> |
| State sources | | | | |
| State equalization | 2,583,584 | 2,618,813 | 2,473,152 | (145,661) |
| Transportation | 30,475 | 25,597 | 24,766 | (831) |
| Other state sources | 132,252 | 117,360 | 141,006 | 23,646 |
| Total state sources | <u>2,746,311</u> | <u>2,761,770</u> | <u>2,638,924</u> | <u>(122,846)</u> |
| Federal sources | | | | |
| Reap grant | 31,197 | 39,048 | 30,487 | (8,561) |
| Other federal sources | 20,778 | 20,778 | 33,809 | 13,031 |
| Total federal sources | <u>51,975</u> | <u>59,826</u> | <u>64,296</u> | <u>4,470</u> |
| Total revenues | <u>3,019,521</u> | <u>3,047,442</u> | <u>2,970,966</u> | <u>(76,476)</u> |
| Expenditures | | | | |
| Instruction and supporting services | | | | |
| Regular & special education instruction | 1,510,196 | 1,576,257 | 1,442,299 | 133,958 |
| Cocurricular activities | 78,013 | 78,013 | 73,175 | 4,838 |
| Student services | 31,197 | 39,048 | 30,487 | 8,561 |
| Instructional staff | 32,068 | 32,068 | 30,998 | 1,070 |
| General administration | 88,461 | 90,014 | 91,873 | (1,859) |
| School administration | 86,696 | 86,696 | 91,655 | (4,959) |
| Support services - business | 197,713 | 199,913 | 216,295 | (16,382) |
| Operations and maintenance | 409,289 | 444,653 | 371,862 | 72,791 |
| Student transportation | 138,182 | 143,645 | 119,742 | 23,903 |
| Support services - central | 69,985 | 76,703 | 82,359 | (5,656) |
| Pikes Peak BOCES | 39,256 | 48,944 | 77,630 | (28,686) |
| Facilities acquisitions | 214,357 | 174,357 | 27,895 | 146,462 |
| Contingency | 1,298,463 | 1,497,719 | - | 1,497,719 |
| Total expenditures | <u>4,193,876</u> | <u>4,488,030</u> | <u>2,656,270</u> | <u>1,831,760</u> |
| Excess(deficiency) of revenues over expenditures | <u>(1,174,355)</u> | <u>(1,440,588)</u> | <u>314,696</u> | <u>1,755,284</u> |
| Other financing sources (uses) | | | | |
| Transfer in | - | - | - | - |
| Transfer out | (59,378) | (24,253) | (26,192) | (1,939) |
| Total other financing sources (uses) | <u>(59,378)</u> | <u>(24,253)</u> | <u>(26,192)</u> | <u>(1,939)</u> |
| Excess (deficiency) of revenues over expenditures and other sources (uses) | <u>(1,233,733)</u> | <u>(1,464,841)</u> | <u>288,504</u> | <u>1,753,345</u> |
| Fund balances at beginning of year | 1,233,733 | 1,464,841 | 1,464,841 | - |
| Fund balances at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,753,345</u> | <u>\$ 1,753,345</u> |

See accompanying independent auditors' report.

Edison School District 54JT
Food Service Fund
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
Fiscal Year Ended June 30, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|-----------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Local sources | | | | |
| Student and adult lunch sales | \$ 10,250 | \$ 12,200 | \$ 15,016 | \$ 2,816 |
| Other | 179 | 179 | 294 | 115 |
| Total local sources | <u>10,429</u> | <u>12,379</u> | <u>15,310</u> | <u>2,931</u> |
| State sources | | | | |
| Start smart nutrition program | 200 | 600 | 733 | 133 |
| Other programs | 150 | 900 | 1,395 | 495 |
| Total state sources | <u>350</u> | <u>1,500</u> | <u>2,128</u> | <u>628</u> |
| Federal sources | | | | |
| National breakfast and lunch program | 37,000 | 27,000 | 47,828 | 20,828 |
| Other federal programs | 6,000 | 36,000 | 4,057 | (31,943) |
| Total federal sources | <u>43,000</u> | <u>63,000</u> | <u>51,885</u> | <u>(11,115)</u> |
| Total revenues | <u>53,779</u> | <u>76,879</u> | <u>69,323</u> | <u>(7,556)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Salaries and benefits | 55,657 | 55,656 | 58,685 | (3,029) |
| Purchase services | 500 | 500 | 639 | (139) |
| Supplies | 3,000 | 2,500 | 2,754 | (254) |
| Food costs | 42,500 | 58,000 | 46,725 | 11,275 |
| Other | 11,500 | 500 | 1,860 | (1,360) |
| Contingency | - | - | - | - |
| Total expenditures | <u>113,157</u> | <u>117,156</u> | <u>110,663</u> | <u>6,493</u> |
| Excess(deficiency) of revenues over expenditures | <u>(59,378)</u> | <u>(40,277)</u> | <u>(41,340)</u> | <u>9,424</u> |
| Other financing sources (uses) | | | | |
| Transfer in(out) | - | - | - | - |
| Transfer in(out) | 59,378 | 24,252 | 26,192 | 1,940 |
| Total other financing sources (uses) | <u>59,378</u> | <u>24,252</u> | <u>26,192</u> | <u>1,940</u> |
| Excess (deficiency) of revenues over expenditures and other sources (uses) | <u>-</u> | <u>(16,025)</u> | <u>(15,148)</u> | <u>11,364</u> |
| Fund balance at beginning of year | 16,025 | 16,025 | 16,025 | - |
| Fund balance at end of year | <u>\$ 16,025</u> | <u>\$ -</u> | <u>\$ 877</u> | <u>\$ 11,364</u> |

See accompanying independent auditors' report.

Edison School District 54JT
Pupil Activity Fund
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
Fiscal Year Ended June 30, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|----------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Local sources | | | | |
| Student activities | \$ 24,000 | \$ 24,000 | \$ 25,410 | \$ 1,410 |
| Interest on investments | - | - | - | - |
| Total local sources | <u>24,000</u> | <u>24,000</u> | <u>25,410</u> | <u>1,410</u> |
| Expenditures | | | | |
| Current: | | | | |
| Cocurricular activities | 25,500 | 25,500 | 24,335 | 1,165 |
| Contingency | - | - | - | - |
| Total expenditures | <u>25,500</u> | <u>25,500</u> | <u>24,335</u> | <u>1,165</u> |
| Excess(deficiency) of revenues over expenditures | <u>(1,500)</u> | <u>(1,500)</u> | <u>1,075</u> | <u>2,575</u> |
| Other financing sources (uses) | | | | |
| Transfer in | - | - | - | - |
| Transfer out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures and other sources (uses) | <u>(1,500)</u> | <u>(1,500)</u> | <u>1,075</u> | <u>2,575</u> |
| Fund balance at beginning of year | 1,500 | 1,500 | 18,319 | 16,819 |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 19,394</u> | <u>\$ 19,394</u> |

See accompanying independent auditors' report.

Edison School District 54JT
Schedule of the District's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---------------|---------------|---------------|---------------|---------------|
| District' proportion (percentage) of the collective net pension liability | 0.0200303669% | 0.0222182104% | 0.0220739320% | 0.0219419078% | 0.0234246541% |
| District's proportionate share of the collective pension liability | 3,546,788 | 7,184,580 | 6,572,263 | 3,355,860 | 3,174,827 |
| Covered payroll | 1,101,177 | 1,024,900 | 935,292 | 956,223 | 943,335 |
| District's proportionate share of the net pension liability as a percentage of it's covered payroll | 31.05% | 14.27% | 14.23% | 28.49% | 29.71% |
| Plan fiduciary net pension as a percentage of the total pension liability | 57.01% | 43.96% | 43.10% | 59.20% | 62.80% |

The amounts presented for each fiscal year were determined as of December 31.

See the accompanying Independent Auditors' Report

Edison School District 54JT
Schedule of Contributions and Related Ratios - Pension
Last 10 Fiscal Years

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|------------|------------|------------|------------|------------|
| As of June 30, | | | | | |
| Statutorily required contributions | \$ 216,165 | \$ 200,153 | \$ 183,235 | \$ 172,001 | \$ 163,658 |
| Contributions in relation to the statutorily required contributions | 216,165 | 200,153 | 183,235 | 172,001 | 163,658 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | 1,130,428 | 1,060,246 | 994,553 | 969,741 | 970,138 |
| Contribution as a percentage of covered payroll | 19.12% | 18.88% | 18.42% | 17.74% | 16.87% |

See the accompanying Independent Auditors' Report

Edison School District 54JT
Schedule of the District's Proportionate Share of the Net OPEB Liability
Last 10 Fiscal Years

| | <u>2018</u> | <u>2017</u> |
|--|---------------|---------------|
| District' proportion (percentage) of the collective net OPEB liability | 0.0130198434% | 0.0126243051% |
| District's proportionate share of the collective OPEB liability | 177,140 | 164,065 |
| Covered payroll | 1,101,177 | 1,024,900 |
| District's proportionate share of the net OPEB liability as a percentage of it's covered payroll | 621.64% | 624.69% |
| Plan fiduciary net OPEB as a percentage of the total pension liability | 17.03% | 17.53% |

The amounts presented for each fiscal year were determined as of December 31.

See the accompanying Independent Auditors' Report

Edison School District 54JT
Schedule of Contributions and Related Ratios - OPEB
Last 10 Fiscal Years

| | <u>2019</u> | <u>2018</u> |
|--|---------------|---------------|
| As of June 30, | | |
| Statutorily required contributions | \$ 11,530 | \$ 10,865 |
| Contributions in relation to the statutorily required contributions | <u>11,530</u> | <u>10,865</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | 1,130,428 | 1,060,246 |
| Contribution as a percentage of covered payroll | 1.02% | 1.02% |

See the accompanying Independent Auditors' Report

**OTHER SUPPLEMENTARY
INFORMATION**

Edison School District 54JT
Debt Service Fund
Statement of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual
Fiscal Year Ended June 30, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|-----------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Local sources | | | | |
| Property taxes | \$ 44,902 | \$ 44,902 | \$ 56,644 | \$ 11,742 |
| Delinquent taxes and interest | - | - | - | - |
| Other | - | - | - | - |
| Total local sources | <u>44,902</u> | <u>44,902</u> | <u>56,644</u> | <u>11,742</u> |
| Expenditures | | | | |
| Debt Service: | | | | |
| Interest expense | 23,520 | 23,520 | 23,520 | - |
| Principal | 25,000 | 25,000 | 25,000 | - |
| Other | 550 | 550 | 550 | - |
| Contingency | 66,506 | 66,506 | - | 66,506 |
| Total debt service | <u>115,576</u> | <u>115,576</u> | <u>49,070</u> | <u>66,506</u> |
| Excess(deficiency) of revenues over expenditures | <u>(70,674)</u> | <u>(70,674)</u> | <u>7,574</u> | <u>78,248</u> |
| Other financing sources (uses) | | | | |
| Transfer out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures and other sources (uses) | <u>(70,674)</u> | <u>(70,674)</u> | <u>7,574</u> | <u>78,248</u> |
| Fund balance at beginning of year | <u>70,674</u> | <u>70,674</u> | <u>70,674</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 78,248</u> | <u>\$ 78,248</u> |

See accompanying independent auditors' report.

COLORADO DEPARTMENT OF EDUCATION
AUDITOR'S ELECTRONIC FINANCIAL
DATA INTEGRITY CHECK FIGURES



Colorado Department of Education
Auditors Integrity Report
 District: 1120 - Edison 54 JT
 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 | 1,464,841 | | 2,894,332 | | 2,605,828 | | 1,753,345 |
| 18 Risk Mgmt Sub-Fund of General Fund | 0 | | 0 | | 0 | | 0 |
| 19 Colorado Preschool Program Fund | 0 | | 50,443 | | 50,443 | | 0 |
| Sub-Total | 1,464,841 | | 2,944,775 | | 2,656,271 | | 1,753,345 |
| 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 | 16,025 | | 95,516 | | 110,663 | | 877 |
| 22 Govt Designated-Purpose Grants Fund | 0 | | 0 | | 0 | | 0 |
| 23 Pupil Activity Special Revenue Fund | 18,319 | | 25,410 | | 24,335 | | 19,394 |
| 24 Full Day Kindergarten Mill Levy Override | 0 | | 0 | | 0 | | 0 |
| 25 Transportation Fund | 0 | | 0 | | 0 | | 0 |
| 31 Bond Redemption Fund | 70,674 | | 56,643 | | 149,070 | | 78,248 |
| 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 | 1,589,159 | | 3,122,345 | | 2,840,340 | | 1,451,064 |
| 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 | 0 | | 0 | | 0 | | 0 |
| 74 Pupil Activity Agency Fund | 0 | | 0 | | 0 | | 0 |
| 79 GASB 34-Permanent Fund | 0 | | 0 | | 0 | | 0 |
| 85 Foundations | 0 | | 0 | | 0 | | 0 |
| Totals | 0 | | 0 | | 0 | | 0 |

FINAL