

cPa DIXON, WALLER & CO., INC.

McCLAVE SCHOOL DISTRICT

NUMBER RE-2

McCLAVE, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2020

DIXON, WALLER & CO., INC.

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McCLAVE SCHOOL DISTRICT
NUMBER RE-2

FINANCIAL STATEMENTS

JUNE 30, 2020

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McCLAVE SCHOOL DISTRICT NUMBER RE-2
ROSTER OF SCHOOL OFFICIALS
June 30, 2020

BOARD OF EDUCATION

Justin Miller	President
Teale Hemphill	Vice-President
Stephanie Malone	Secretary
Jack Goble	Treasurer
Terri Beckett	BOCES Director

SCHOOL OFFICIALS

Merlin Holmes	Superintendent
Mary Cass	Business Manager

FINANCIAL SECTION

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TRINIDAD, COLORADO 81082
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INDEPENDENT AUDITOR'S REPORT

Board of Education
McClave School District Number RE-2
McClave, Colorado 81057

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the McClave School District Number RE-2, as of and for the year ended June 30, 2020, 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the McClave School District Number RE-2, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and other post employment benefits trend data on pages i through vii and 43 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the McClave School District Number RE-2's basic financial statements. The other schedules, and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules, and state required schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules, and state required schedules, are fairly stated, in all material respect, in relation to the basic financial statements as a whole.

Dixon, Waller & Co, Inc.

Trinidad, Colorado
November 24, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the **McClave School District Re-2**, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the twelve month period ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with and the District's financial statements, which follow this section.

Financial Highlights

- * The assets of the District exceeded its liabilities at the close of the most recent period \$6,778,512 (*total assets*) compared to \$5,545,479 (*total liabilities*.) The District participates in the Public Employee Retirement Association and has pension obligations with the implementation of Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. The District's share of these obligations is \$4,279,668 and the District is required to record a portion of that share, which shows a change in Net Position of (\$653,502). In addition, the District is carrying an accrual for salaries and benefits or \$210,415.
- * As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$2,669,766. Approximately 90 percent of this total amount, \$2,394,589 is *available for spending* at the government's discretion (*unassigned, fund balance*).
- * At the end of the current fiscal year, the unassigned fund balance for the general fund was \$2,394,589 or 68 percent of the total general fund expenditures of \$3,504,945.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise 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 position presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases 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 for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*).

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole.

- Some funds are required by State law and/or bond covenants.
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

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

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental 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 two governmental funds, *the capital reserve fund and the general fund*. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and debt service fund, both of which are considered to be major funds. The District adopts an annual appropriated budget for its general fund and capital reserve fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets.
- **Special Revenue funds.** *Special revenue funds* are used by state and local governments, earmarked for a specific purpose (other than business-like activities). The District uses the *special revenue fund* to report activities for its *food service* program.
- **Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separated statement of fiduciary net assets and a statement of changes in fiduciary net assets. These activities are excluded from the District's

government-wide financial statements because the District cannot use these assets to finance its operations.

Note to the financial statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statements.

Other information. Due to the District’s implementation of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, data from preceding fiscal year(s) has been omitted. A comparative analysis of government-wide data will be presented in future years when the information is comparable and available.

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the District, liabilities exceeded assets by \$727,278 as of June 30, 2020.

Table 1:

NET POSITION	2020			2019		
	Govern	Business Type	Total	Govern	Business Type	Total
	Activities	Activities		Activities	Activities	
ASSETS						
Current and Other Assets	3,308,065		3,308,065	2,781,010		2,781,010
Capital Assets-Net	3,470,447		3,470,447	3,588,478		3,588,478
Deferred Outflows	1,316,065		1,316,065	1,880,946		1,880,946
Total Assets and Flows	<u>8,094,577</u>		<u>8,094,577</u>	<u>8,250,434</u>		<u>8,250,434</u>
LIABILITIES						
Current and Other Liabilities	5,175,479		5,175,479	5,370,289		5,370,289
Long Term Liabilities	370,000		370,000	425,000		425,000
Deferred Inflows	3,276,376		3,276,376	3,965,754		3,965,754
Total Liabilities and Flows	<u>8,821,855</u>		<u>8,821,855</u>	<u>9,761,043</u>		<u>9,761,043</u>
NET POSITION						
Net Investment in Capital Assets	3,045,447		3,045,447	3,108,478		3,108,478
Restricted for:						
Tabor Reserve	128,000		128,000	102,400		102,400
Multi Year Obligations			-			-
Preschool			-			-
Food Service			-			-
Debt			-			-
Unrestricted	<u>(3,900,725)</u>		<u>(3,900,725)</u>	<u>(4,721,487)</u>		<u>(4,721,487)</u>
	<u>(727,278)</u>		<u>(727,278)</u>	<u>(1,510,609)</u>		<u>(1,510,609)</u>

Investment in governmental fund capital assets (e.g., land, buildings, furniture, and equipment) less any related debt used to acquire those assets that is still outstanding is 3,045,447. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net assets represents resources that are subject to external restrictions on how they may be used. A surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having *long-term* commitments that are less than currently available resources.

Governmental activities. The District's total net position decreased \$653,502. The total cost of all *governmental activities* this year was \$3,228,432. The amount that our taxpayers paid for these activities through property taxes was \$574,508 or 18%.

Table 2:
Changes in Net Position

	2020			2019		
	Gov Activities	Business Type Activities	Total	Gov Activities	Business Type Activities	Total
Revenues						
Charges for Services	183,418		183,418	99,364		99,364
Operating Grants and Contributions	600,612		600,612	686,129		686,129
Capital Grants and Contributions	-		-	-		-
Property taxes	574,508		574,508	556,320		556,320
Specific Ownership Taxes	54,973		54,973	49,930		49,930
Equalization	2,374,378		2,374,378	2,257,157		2,257,157
Earnings on investments	30,342		30,342	13,083		13,083
Gain on Sale of Assets						
Other Revenues	63,703		63,703	134,651		134,651
Pension Income	-		-	624,961		624,961
TOTAL REVENUES	3,881,934		3,881,934	4,421,595		4,421,595
Expenses						
Instructional services	2,292,029		2,292,029	2,331,630		2,331,630
Supporting Services:						
Students	89,829		89,829	87,429		87,429
Instructional staff	4,518		4,518	3,500		3,500
District administration	134,601		134,601	110,424		110,424
School administration	199,596		199,596	188,945		188,945
Business	158,276		158,276	163,266		163,266
Operation and maintenance of facilities	565,679		565,679	450,995		450,995
Transportation	183,820		183,820	151,049		151,049
Other	5,210		5,210	1,237		1,237
Community	6,262		6,262	3,735		3,735
Facility	-		-	-		-
Food Service	207,168		207,168	200,945		200,945
Capital outlay						
Interest on Long Term Liabilities	13,960		13,960	15,642		15,642
Net Pension Change	(631,335)		(631,335)	-		-
Net OPEB Change	(1,181)		(1,181)	3,294		3,294
TOTAL EXPENSES	3,228,432		3,228,432	3,712,091		3,712,091
Increase (Decrease in Net Position)	653,502		653,502	709,504		709,504

Table - 3 Governmental Activities by Major Function

	2020			2019		
	Total Cost of Service	Charges/ Operating Grants	Net Cost of Service	Total Cost of Service	Charges/ Operating Grants	Net Cost of Service
Instructional services	2,292,029	515,079	(1,776,950)	2,331,630	588,797	(1,742,833)
Students	89,829	98,234	8,405	87,429		(87,429)
Instructional staff	4,518		(4,518)	3,500		(3,500)
Supporting Services:						
District administration	134,601		(134,601)	110,424		(110,424)
School administration	199,596		(199,596)	188,945		(188,945)
Business	158,276		(158,276)	163,266		(163,266)
Operation and maintenance of facilities	565,679	15,737	(549,942)	450,995	18,270	(432,725)
Transportation	183,820	28,801	(155,019)	151,049	14,709	(136,340)
Other	5,210		(5,210)	1,237		(1,237)
Community/Facility	6,262	-	(6,262)	3,735	-	(3,735)
Facility	-		-	-		-
Food Service	207,168	126,179	(80,989)	200,945	163,717	(37,228)
Capital outlay	-		-	-		-
Interest on Long Term Debt	13,960		(13,960)	15,642		(15,642)
Net Pension Change	(631,335)		631,335	-		-
Net OPEB Change	(1,181)		1,181	3,294		(3,294)
Total	3,228,432	784,030	(2,444,402)	3,712,091	785,493	(2,926,598)

The District was required to implement GASB 75 in 2018 resulting in a net other post-employment benefit (OPEB) liability of \$210,455. Under GASB 75 the District’s proportionate share of the OPEB liability of the Colorado state retirement system Health Care Trust Fund administered by the Public Employees Retirement Association, is recorded as a liability of the District. At implementation beginning equity is restated and deferred inflows, outflows and the net OPEB liability are reported. Beginning net position of governmental activities decreased as a result of this change.

Upon implementation of GASB 75, the beginning net position of governmental activities increased \$653,502 to \$(1,566,611) from \$(2,220,113) at the end of the previous fiscal year. Fiscal year 2019 financial information has not been restated because some of the comparable information is not available.

Financial Analysis of the District’s Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance – related legal requirements, bond covenants, and segregation for particular purposes.

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, undesignated fund balance* may serve as a useful measure of the District’s net resources available for spending at the end of a fiscal year.

At the end of the 2020 fiscal year, the District reported combined ending fund balances of \$2,669,766, an increase of \$222,715. Approximately 90% of this total amount was *unreserved*,

undesignated fund balance. The remainder of fund balance is *restricted* or *designated* to indicate that it is not available for new spending because it has already been committed for emergencies \$128,000 and reserve expenditures.

The general fund is the primary operating fund of the District. In 2020, the unreserved, undesignated fund balance of the General Fund was \$2,394,589, while the total fund balance was \$2,522,589. As a measure of the general fund's liquidity, it may be useful to compare both unreserved, undesignated fund balance and total fund balance to the total fund expenditures.

The fund balance of the District's General Fund decreased by \$103,576 during the 2020 fiscal year.

Special Revenue funds. As mentioned earlier, the District's special revenue funds provide the same type of information found in the government-wide financial statements, but in more detail. The ending fund balance on June 30, 2020 was \$147,177.

Budgetary Highlights

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2020, amounted to \$8,818,013 with an accumulated depreciation of \$5,347,566 on capital assets including land, buildings and improvements, and furniture and equipment.

Table 4: Capital Assets (Net of Depreciation)

	Governmental <u>2019-2020</u>		Total <u>2019-2020</u>	Governmental <u>2018-2019</u>		Total <u>2018-2019</u>
Land	170,676	-	170,676	170,676	-	170,676
Buildings & Site Improvements	3,168,764	(228,454)	2,940,310	3,469,343	(300,579)	3,168,764
Equipment and Vehicles	237,028	114,917	351,945	230,990	6,038	237,028
Food Service	12,010	(4,495)	7,516	16,505	(4,495)	12,010
Total Capital Assets	<u>3,588,478</u>		<u>3,470,447</u>	<u>3,887,514</u>		<u>3,588,478</u>

Long-term debt. At the end of June 30, 2020, the District had no bonded debt. But a ten year Certificate of Participation was begun on July 1, 2015, with a principal payment of \$55,000 and interest of \$12,590 due for 20-21.

Changes in Long Term Debt

	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
Certificates Of Participation Series 2015	480,000.00	-	55000	425,000
Deferred Refunding				-
Compensated Absences	21,735	7,302		29,037
	<u>501,735</u>	<u>7,302</u>	<u>55,000</u>	<u>454,037</u>

Information for the McClave School District regarding this report is listed below.

Primary Contact: Merlin Holmes, Superintendent

Address: P.O. Box 1
McClave, CO 81057

Phone Number: (719) 829-4517

BASIC FINANCIAL STATEMENTS

McCLAVE SCHOOL DISTRICT NUMBER RE-2
STATEMENT OF NET POSITION
June 30, 2020

	<u>Governmental</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>		
Cash and Investments	3,226,631	3,226,631
Accounts Receivable (Net of Allowance)	10,270	10,270
Grants Receivable	3,616	3,616
Property Taxes Receivable	55,000	55,000
Prepaid Assets	-	-
Inventories	12,548	12,548
Capital Assets	8,818,013	8,818,013
Accumulated Depreciation	<u>(5,347,566)</u>	<u>(5,347,566)</u>
<u>Total Assets</u>	<u>6,778,512</u>	<u>6,778,512</u>
 <u>DEFERRED OUTFLOW OF RESOURCES</u>		
Pensions	1,281,174	1,281,174
Other Post Employment Benefits	<u>34,891</u>	<u>34,891</u>
<u>Total Deferred Outflow of Resources</u>	<u>1,316,065</u>	<u>1,316,065</u>
 <u>LIABILITIES</u>		
Accounts Payable	52,604	52,604
Accrued Salaries and Benefits	210,415	210,415
Accrued Interest Payable	1,120	1,120
Unearned Revenue	337,180	337,180
Compensated Absences	29,037	29,037
Net Pension Obligation	4,279,668	4,279,668
Net Other Post Employment Benefits Liability	210,455	210,455
Debt – Current	55,000	55,000
Debt – Long Term	<u>370,000</u>	<u>370,000</u>
<u>Total Liabilities</u>	<u>5,545,479</u>	<u>5,545,479</u>
 <u>DEFERRED INFLOW OF RESOURCES</u>		
Pensions	3,230,541	3,230,541
Other Post Employment Benefits	<u>45,835</u>	<u>45,835</u>
<u>Total Deferred Inflow of Resources</u>	<u>3,276,376</u>	<u>3,276,376</u>
 <u>NET POSITION</u>		
Net Investment in Capital Assets	3,045,447	3,045,447
Restricted for:		
TABOR Reserve	128,000	128,000
Preschool	-	-
Food Service	-	-
Unrestricted	<u>(3,900,725)</u>	<u>(3,900,725)</u>
 <u>TOTAL NET POSITION</u>	 <u>(727,278)</u>	 <u>(727,278)</u>

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	<u>General</u>	<u>Food Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash	3,023,136	57,861	145,634	3,226,631
Accounts Receivable	8,628	8,142	-	16,770
Allowance For Doubtful Accounts	-	(6,500)	-	(6,500)
Grants Receivable	3,616	-	-	3,616
Due From Other Funds	57,203	-	-	57,203
Prepaid Assets	-	-	-	-
Property Taxes Receivable	55,000	-	-	55,000
Inventories	-	12,548	-	12,548
<u>Total Assets</u>	<u>3,147,583</u>	<u>72,051</u>	<u>145,634</u>	<u>3,365,268</u>
<u>LIABILITIES</u>				
Accounts Payable	52,604	-	-	52,604
Accrued Salaries	197,110	13,305	-	210,415
Due To Other Funds	-	57,203	-	57,203
Unearned Revenue	337,180	-	-	337,180
<u>Total Liabilities</u>	<u>586,894</u>	<u>70,508</u>	<u>-</u>	<u>657,402</u>
<u>DEFERRED INFLOW OF RESOURCES</u>				
Property Taxes	38,100	-	-	38,100
<u>FUND BALANCES:</u>				
Nonspendable:				
Inventories	-	12,548	-	12,548
Restricted:				
Emergencies	128,000	-	-	128,000
Preschool	-	-	-	-
Food Service	-	-	-	-
Assigned:				
Student Activities	-	-	145,634	145,634
Unassigned	2,394,589	(11,005)	-	2,383,584
<u>Total Fund Balances</u>	<u>2,522,589</u>	<u>1,543</u>	<u>145,634</u>	<u>2,669,766</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>	<u>3,147,583</u>	<u>72,051</u>	<u>145,634</u>	<u>3,365,268</u>

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2020

Amounts reported for governmental activities in the statement of net position are different because:

<u>Total Fund Balance – Governmental Funds</u>	2,669,766
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$8,818,013 and the accumulated depreciation is \$5,347,566.	3,470,447
Property tax revenue is recognized when earned (claim to resources established) rather than when “available.” All of the deferred property tax revenue is not available.	38,100
Compensated absences are not reported as a liability in the funds.	(29,037)
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(425,000)
Accrued interest on long term debt is not reported in the funds.	(1,120)
Net pension and other post employment benefits liabilities, along with associated deferred flows, are not recorded at the fund level.	
Net Pension Liability	(4,279,668)
Net Other Post Employment Benefits Liability	(210,455)
Deferred Outflows	1,316,065
Deferred Inflows	<u>(3,276,376)</u>
 <u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u>	 <u>(727,278)</u>

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	<u>General</u>	<u>Food Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>				
Property Taxes	576,208	-	-	576,208
Specific Ownership Taxes	54,973	-	-	54,973
Earnings on Investments	29,642	325	700	30,667
Other Local Sources	174,080	42,318	98,234	314,632
State Aid	2,622,002	2,876	-	2,624,878
Federal Aid	201,616	80,660	-	282,276
Allocation to Reserves	-	-	-	-
<u>Total Revenues</u>	<u>3,658,521</u>	<u>126,179</u>	<u>98,934</u>	<u>3,883,634</u>
<u>EXPENDITURES</u>				
<u>Current:</u>				
Instructional Services	1,955,690	-	-	1,955,690
Supporting Services:				
Students	89,829	-	83,129	172,958
Instructional Staff	4,518	-	-	4,518
District Administration	134,601	-	-	134,601
School Administration	199,596	-	-	199,596
Business	158,276	-	-	158,276
Operation & Maintenance of Facilities	587,971	-	-	587,971
Transportation	293,899	-	-	293,899
Other	5,210	-	-	5,210
Community Service	6,262	-	-	6,262
Food Service	-	202,674	-	202,674
Debt Service:				
Principal Retirement	55,000	-	-	55,000
Interest and Fiscal Charges	14,093	-	-	14,093
Capital Outlay	-	-	-	-
<u>Total Expenditures</u>	<u>3,504,945</u>	<u>202,674</u>	<u>83,129</u>	<u>3,790,748</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>153,576</u>	<u>(76,495)</u>	<u>15,805</u>	<u>92,886</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	(50,000)	50,000	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>(50,000)</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>103,576</u>	<u>(26,495)</u>	<u>15,805</u>	<u>92,886</u>
<u>FUND BALANCE – Beginning (as Restated)</u>	<u>2,419,013</u>	<u>28,038</u>	<u>129,829</u>	<u>2,576,880</u>
<u>FUND BALANCES – Ending</u>	<u>2,522,589</u>	<u>1,543</u>	<u>145,634</u>	<u>2,669,766</u>

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances – Total Governmental Funds 92,886

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more the \$5,000 are capitalized and the cost is allocated over their estimated used lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Outlays more than \$5,000	199,400	
Loss on Disposition of Assets	-	
Depreciation Expense	<u>(317,431)</u>	(118,031)

Property tax revenues received prior to the year for which they are being levied or are not “available” at year end are reported as deferred revenue in the governmental funds. They are, however, recorded as revenues in the statement of activities. Deferred property tax revenues decreased this year. (1,700)

In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, compensated absences decreased by this amount. (7,302)

The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Interest expense is recognized as it accrues in the statement of activities regardless of when it is due. The net effect of these differences follows:

Debt Payments	55,000	
Accrued Interest	133	

The increase in net pension and other post employment benefits liabilities, along with the changes and amortizations of deferred flows associated with those liabilities, are not recorded at the fund level.

Pension (Cost) Income	631,335	
Other Post Employment Benefit Cost	<u>1,181</u>	<u>632,516</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES 653,502

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
STATEMENT OF FIDUCIARY NET POSITION
TRUST AND AGENCY FUNDS
June 30, 2020

	<u>Scholarship Trust Fund</u>
<u>ASSETS</u>	
Cash and Investments	516,571
<u>Total Assets</u>	<u>516,571</u>
<u>LIABILITIES</u>	
Other	-
<u>Total Liabilities</u>	<u>-</u>
<u>NET POSITION</u>	
Reserved for Scholarship	<u>516,571</u>

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2020

	<u>Budget</u>	<u>Scholarship Trust Fund</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>ADDITIONS</u>			
Other Local	-	1,000	1,000
Earnings on Investments	18,000	10,046	(7,954)
Unrealized Gain on Investments	<u>-</u>	<u>11,923</u>	<u>11,923</u>
<u>Total Additions</u>	<u>18,000</u>	<u>22,969</u>	<u>4,969</u>
<u>DEDUCTIONS</u>			
Scholarships	18,000	2,500	15,500
Unrealized Loss on Investments	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Deductions</u>	<u>18,000</u>	<u>2,500</u>	<u>15,500</u>
<u>NET DECREASE</u>	-	20,469	
<u>NET POSITION – BEGINNING OF YEAR</u>	<u>-</u>	<u>496,102</u>	
<u>NET POSITION – END OF YEAR</u>	<u>-</u>	<u>516,571</u>	

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

NOTES TO BASIC FINANCIAL STATEMENTS

McCLAVE SCHOOL DISTRICT NUMBER RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the McClave School District Number RE-2 (the District) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

The District operates under an elected Board of Education with five members.

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in McClave School District Number RE-2. 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.

A. Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14 (as amended by Statements No. 34, No. 39 and No. 61), "*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.

This District is not included in any other governmental "reporting entity" as defined in GASB No. 14 and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basic financial statements present the District (the primary government) and its component units.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. 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. 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, operating statements present increases and decreases in net current assets and unrestricted fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Amounts reported as program revenues included 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 within 60 days after year-end.

Property taxes are reported as receivables and deferred inflows 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.

Expenditures are recorded when the related fund liability is incurred with the exception 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.

The proprietary fund types are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus in these funds is on the flow of economic resources and emphasizes the determination of net income. All assets and all liabilities associated with their activity are included on their statements of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

The accounts of the District are organized on the basis of funds, 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, deferred flows, 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 the 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. Food Service – this fund accounts for all financial activities associated with the District’s school breakfast and lunch programs

Additionally, the District reports the following fund type:

The Scholarship Trust Fund – this fund is used to account for contributions for the payment of scholarships.

E. Cash and Investments

Cash represents amounts on deposit with financial institutions or held by the District. The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

F. Receivables

Property taxes levied in 2019 but uncollected in 2020 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2020 are recorded as deferred inflows. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventories

Materials and supplies inventories are stated at cost. Inventories recorded in the Food Services Fund consist of purchased and donated commodities. Purchased inventories are stated at 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.

The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed.

H. 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 applicable governmental or business-type activities columns 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 governmental 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 in governmental funds. However, the District does capitalize interest on the construction of capital assets in business-type activities.

The monetary threshold for capitalization of assets is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-50 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition.

I. Long-Term Obligations

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.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Constitutional Amendment

In November 1992, Colorado voters approved Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations, which apply to the State of Colorado and local governments. It requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any entity.

In November of 1997 the registered voters approved a ballot resolution authorizing McClave School District Number RE-2 to collect, retain and expend all revenues collected during 1996 and any subsequent year from any source provided that no property tax mill levy be increased or any new tax imposed without the consent of the voters.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2020 the District reserved \$128,000 for this purpose.

Spending and revenue limits are determined based on the prior fiscal year's spending adjusted for inflation in the prior calendar year plus annual increases in funded student enrollment. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions.

K. Property Taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2019 property tax calendar for Bent County was as follows:

Levy Date	December 15, 2019
Lien Date	January 1, 2020
Tax Bills Mailed	January 1, 2020
First Installment Due	February 28, 2020
Second Installment Due	June 15, 2020
If Paid in Full, Due	April 30, 2020
Tax Sale – 2018 Delinquent Property Taxes	October 25, 2019

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Interest Expense

All interest expense has been reported as unallocated in the Government-wide financial statements.

N. GASB Statement No. 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the District's highest level of decision-making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The District's Committed Fund Balance is fund balance reporting required by the School Board, either because of a School Board Policy in the School Board Policy Manual, or because of motions that passed at School Board meetings.

Assigned Fund Balance Policy:

The District's Assigned Fund Balance is fund balance reporting occurring by School Board Administration authority, under the direction of the Chief Business Officer.

Order of Fund Balance Spending Policy

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. GASB Statement No. 54 (Continued)

Order of Fund Balance Spending Policy (Continued)

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Pupil Activities Fund</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>				
Inventories	-	12,548	-	12,548
<u>Restricted:</u>				
Emergencies	128,000	-	-	128,000
Preschool	-	-	-	-
Food Service	-	-	-	-
<u>Assigned:</u>				
Pupil Activities	-	-	145,634	145,634
<u>Unassigned:</u>	<u>2,394,589</u>	<u>(11,005)</u>	<u>-</u>	<u>2,383,584</u>
<u>Total Fund Balances</u>	<u>2,522,589</u>	<u>1,543</u>	<u>145,634</u>	<u>2,669,766</u>

O. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position and the balance sheet 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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position and the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities.

<u>Items Eliminated</u>	
Interfund Loans	57,203
Transfers	<u>50,000</u>
	<u>107,203</u>

NOTE 3 BUDGETARY INFORMATION

Revenues and expenditures are controlled by budgetary accounting systems in accordance with various legal requirements. The budgeted revenues and expenditures represent the original adopted budget as subsequently adjusted by the Board of Education in accordance with Colorado School Laws. Budgets are generally prepared on the same basis as that used for accounting purposes.

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Business Manager submits to the Board of Education 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 notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund, Special Revenue Funds, and Trust Funds.
6. Budgets for the General Fund, Special Revenue Funds, and Trust Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 3 BUDGETARY INFORMATION (Continued)

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

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year.

NOTE 4 CASH AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

At June 30, 2020, the District's bank balance and corresponding carrying balance were as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	250,000	250,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	2,987,790	2,972,366
Cash with County Treasurer	7,249	-
Cash on Hand	700	-
<u>Total Cash and Deposits</u>	<u>3,245,739</u>	<u>3,222,366</u>

As presented above, deposits with a bank balance of \$2,972,366 and a carrying balance of \$2,987,790 as of June 30, 2020 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

Investments

At June 30, 2020, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Vanguard Investment	-	497,463

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 4 CASH AND INVESTMENTS (Continued)

Investments (Continued)

Investments Held by Fiduciary Scholarship Trust Fund – The scholarship trust fund has various investments held by Vanguard which are subject to market fluctuations and have been marked to market at 6/30/20. An unrealized gain of \$11,923 was recorded at year end. These investments are insured under SPIC up to \$500,000. The District is not responsible for the investment of these funds.

Concentration of Credit Risk – the District has no policy restricting the amount that can be invested in any issuer.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2020:

- Vanguard Investment of \$497,463 is valued using quoted market prices (Level 1 inputs)

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>Governmental Activities</u>				
<u>Capital Assets Not Being</u>				
<u>Depreciated</u>				
Land	170,676	-	-	170,676
<u>Capital Assets Being</u>				
<u>Depreciated</u>				
Buildings &				
Site Improvements	6,984,398	-	6,694	6,977,704
Equipment & Vehicles	1,386,419	199,400	12,500	1,573,319
Food Service	96,314	-	-	96,314
<u>Total Capital Assets Being</u>				
<u>Depreciated</u>	8,467,131	199,400	19,194	8,647,337

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 5 CAPITAL ASSETS (Continued)

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>Governmental Activities</u>				
<u>Less Accumulated</u>				
<u>Depreciation for:</u>				
Building & Site Improvements	3,815,634	228,454	6,694	4,037,394
Equipment & Vehicles	1,149,391	84,483	12,500	1,221,374
Food Service	<u>84,304</u>	<u>4,494</u>	<u>-</u>	<u>88,798</u>
<u>Total Accumulated</u>				
<u>Depreciation</u>	<u>5,049,329</u>	<u>317,431</u>	<u>19,194</u>	<u>5,347,566</u>
 <u>Total Capital Assets Being</u>				
<u>Depreciated, Net</u>	<u>3,417,802</u>	<u>(118,031)</u>	<u>-</u>	<u>3,299,771</u>
 <u>Governmental Activities</u>				
<u>Capital Assets, Net</u>	<u>3,588,478</u>	<u>(118,031)</u>	<u>-</u>	<u>3,470,447</u>

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

<u>Governmental Activities:</u>	
Instruction	252,799
Transportation	60,138
Food Service	<u>4,494</u>
<u>Total Depreciation Expense –Governmental Activities</u>	<u>317,431</u>

NOTE 6 ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, and June 30, 2020, are estimated to be \$210,415. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the various funds.

NOTE 7 ACCUMULATED SICK LEAVE

Compensated absences are made up of accumulated sick leave reported as non-current liabilities in the government-wide financial statements. As of June 30, 2020 the District has recorded an estimated liability of \$29,037 relating to accrued sick leave payable.

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Accumulated Sick Leave	<u>21,735</u>	<u>7,302</u>	<u>-</u>	<u>29,037</u>

NOTE 8

PENSION PLAN

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. McClave School District Number RE-2 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. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

General Information about the Pension Plan

Plan description. Eligible employees of the McClave School District Number RE-2 are provided with pensions through the 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, 2019. 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.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 8 PENSION PLAN (Continued)

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

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

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

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

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent 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 of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lesser of an annual increase of 1.25 percent or the average Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contribution provisions as of June 30, 2020: Eligible employees, McClave School District Number RE-2 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 8.75 percent of their PERA-includable salary during the period of July 1, 2019 through June 30, 2020. Employer contribution requirements are summarized in the table below.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8 PENSION PLAN (Continued)

	July 1, 2019 Through June 30, 2020
Employer Contribution Rate	10.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	9.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	19.38%

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. § 24-51-414, 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.

Subsequent to the SCHDTF's December 31, 2019, measurement date, HB20-1379 *Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year*, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, \$225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the McClave School District Number RE-2 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from McClave School District Number RE-2 were \$330,849 for the year ended June 30, 2020.

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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. The McClave School District Number RE-2 proportion of the net pension liability was based on McClave School District Number RE-2 contributions to the SCHDTF for the calendar year 2019 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8 **PENSION PLAN (Continued)**

At June 30, 2020, the McClave School District Number RE-2 reported a liability of \$4,279,668 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 McClave School District Number RE-2 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 McClave School District Number RE-2 were as follows:

McClave School District Number RE-2 proportionate share of the net pension liability	\$ 4,279,668
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the McClave School District Number RE-2	\$ 542,821
Total	\$ 4,822,489

At December 31, 2019, the McClave School District Number RE-2 proportion was 0.029 percent, which was an increase of 0.0018 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the McClave School District Number RE-2 recognized pension income of \$631,335 and revenue of \$41,114 for support from the State as a nonemployer contributing entity. At June 30, 2020, the McClave School District Number RE-2 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	233,245	-
Changes of assumptions or other inputs	122,178	1,941,217
Net difference between projected and actual earnings on pension plan investments	456,559	963,529
Changes in proportion and differences between contributions recognized and proportionate share of contributions	299,451	325,795
Contributions subsequent to the measurement date	169,741	N/A
Total	1,281,174	3,230,541

\$169,741 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, 2021. 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, 2020	
2021	(1,223,995)
2022	(789,848)
2023	67,191
2024	(172,456)
2025	-
Thereafter	-

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8 PENSION PLAN (Continued)

Actuarial assumptions. The total pension liability in the December 31, 2018 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	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)*	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)*	Financed by the Annual Increase Reserve

*For 2019, the annual increase was 0.00 percent.

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.

Post-retirement non-disabled mortality assumptions 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 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, 2018, valuation 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.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8 PENSION PLAN (Continued)

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed 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 percent.

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 percent.
- 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 and the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 8 PENSION PLAN (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect 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 provides an annual direct distribution of \$225 million, which commenced 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.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- 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 rate determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the McClave School District Number RE-2 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:

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8 **PENSION PLAN (Continued)**

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	5,675,756	4,279,668	3,107,530

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 McClave School District Number RE-2 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 CAFR 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. In addition, the McClave School District Number RE-2 has agreed to match employee contributions up to 2.5 percent of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2020, program members contributed \$44,691 and McClave School District Number RE-2 recognized pension expense of \$27,549 for the Voluntary Investment Program.

NOTE 9 **OTHER POST EMPLOYMENT BENEFITS**

Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. McClave School District Number RE-2 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.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 9

OTHER POST EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan

Plan description. Eligible employees of the McClave School District Number RE-2 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.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 9

OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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 McClave School District Number RE-2 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from McClave School District Number RE-2 were \$17,413 for the year ended June 30, 2020.

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

At June 30, 2020, the McClave School District Number RE-2 reported a liability of \$210,455 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The McClave School District Number RE-2 proportion of the net OPEB liability was based on McClave School District Number RE-2 contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

At December 31, 2019, the McClave School District Number RE-2 proportion was 0.019 percent, which was an increase of 0.0012 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the McClave School District Number RE-2 recognized OPEB income of \$1,181. At June 30, 2020, the McClave School District Number RE-2 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	698	(35,364)
Changes of assumptions or other inputs	1,746	-
Net difference between projected and actual earnings on OPEB plan investments	3,388	(6,901)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	20,125	(3,570)
Contributions subsequent to the measurement date	8,934	N/A
Total	34,891	45,835

\$8,934 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, 2021. 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, 2020	
2021	(4,337)
2022	(4,337)
2023	(3,320)
2024	(3,605)
2025	(4,032)
Thereafter	(247)

Actuarial assumptions. The total OPEB liability in the December 31, 2018 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	5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 9 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

Medicare Part A premiums 3.50 percent in 2019, gradually increasing to 4.50 percent in 2029
 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, 2018, 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 2019 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$601	\$240
Kaiser Permanente Medicare Advantage HMO	605	237

The 2019 Medicare Part A premium is \$437 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
Medicare Advantage/Self-Insured Prescription	\$562
Kaiser Permanente Medicare Advantage HMO	571

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.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

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 industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, 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
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

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.

Post-retirement non-disabled 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.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

Post-retirement non-disabled 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 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- 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:

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 9

OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

Sensitivity of the McClave School District Number RE-2 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
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	205,456	210,455	216,232

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, 2019, measurement date.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

- 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 percent.
- 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.

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 McClave School District Number RE-2 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	237,962	210,455	186,931

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.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 10 JOINT VENTURE

Not reflected in the accompanying financial statements is the District's participation in the Southeastern Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per district.

The District has one member on the Board. This Board has final authority for all budgetary and financing of the joint venture. The BOCES by-laws indicate that the entity is to have perpetual existence, but in the event of its dissolution, all assets shall be divided among member school districts on a pro rate basis determined by the BOCES board. The joint venture summary audited financial information as of June 30, 2019, the latest year for which complete information is available, is as follows:

Assets and Deferred Outflows	<u>2,484,137</u>
Liabilities and Deferred Inflows	6,348,617
Net Position	<u>(3,864,480)</u>
	<u>2,484,137</u>
Revenues	2,852,503
Expenses	<u>2,412,894</u>
Change in Net Position	<u>439,609</u>

The BOCES is not included as a component unit of the District as the financial responsibility is minimal, there is no financial interdependency, the District does not have the ability to significantly influence the operations of the BOCES and the District is not accountable for fiscal matters of the BOCES. The BOCES is audited annually and files a report with the Colorado State Auditor.

NOTE 11 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL

The District belongs to the Colorado School District's Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, Workers' Compensation and other coverage. The Board of Directors is composed of eight persons; seven of whom are appointed by the Board of Directors of CASB and the Executive Director of CASB. The Pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the Aggregate Pool claims, the cost of Administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 11 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL (Continued)

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as Expenditures in the fund from which they are paid.

The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2020.

An audited summary of the Colorado School District's Pool financial information at June 30, 2019, and the year then ended (latest information available) follows:

Total Assets	<u>48,583,211</u>
Total Liabilities	<u>26,773,438</u>
Total Equity	<u>21,809,773</u>
Revenue	19,817,153
Underwriting Expenses	<u>26,652,902</u>
Underwriting Gain (Loss)	(6,835,749)
Net Investment Income	865,849
Other Income	-
Net Income (Loss) Before Dividend	<u>(5,969,900)</u>
Dividend	-
Net Income	<u>(5,969,900)</u>
Transfer of Capital Contributions	-
Change in Non Admitted Assets	<u>156,358</u>
Capital Contributions from Members	-
Unassigned Surplus	<u>21,809,773</u>

NOTE 12 RISK MANAGEMENT

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 employees, or acts of God.

The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 13 INTERFUND RECEIVABLES AND TRANSFERS

	<u>Due To</u>	<u>Due From</u>
General Fund	-	57,203
Food Service Fund	57,203	-
<u>Total</u>	<u>57,203</u>	<u>57,203</u>

These interfund balances occurred due to expenditures paid on behalf of another fund.

Interfund balances are expected to be paid within one year from the date of the financial statements.

<u>Transfers</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	-	50,000
Food Service Fund	50,000	-
<u>Total</u>	<u>50,000</u>	<u>50,000</u>

Transfers were made from the General Fund to the Food Service Fund for the purpose of assisting food service operations.

NOTE 14 INVENTORIES

Food Service Fund inventories at June 30, 2020, amounted to \$12,548. Purchased inventories are state at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

NOTE 15 LONG TERM DEBT

Changes in Long-Term Debt

	<u>Balance</u>		<u>Balance</u>	<u>Current</u>
	<u>7-1-2019</u>	<u>Additions</u>	<u>6-30-2020</u>	<u>Portion</u>
		<u>Deletions</u>		
Certificates of Participation				
Series 2015	480,000	-	425,000	55,000
Compensated Absences	<u>21,735</u>	<u>7,302</u>	<u>-</u>	<u>29,037</u>
	<u>501,735</u>	<u>7,302</u>	<u>454,037</u>	

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 15 LONG TERM DEBT (Continued)

Certificates of Participation Refunding Series 2015

On June 1, 2015, the District issued \$680,000 of Certificates of Participation Series 2015 with an average interest rate of 3.03% and paid addition principal of \$615,000 to advance refund \$1,295,000 of outstanding 2007 Certificates of Participation bearing interest rates ranging from 4.09% to 5.00%.

The District completed the advance refunding to reduce the total debt service payments over the next 12 years by \$257,208 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$106,252.

Below is a schedule of debt service requirements to maturity.

Certificates of Participation Series 2015

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	55,000	12,590	67,590
2022	55,000	10,926	65,926
2023	60,000	9,157	69,157
2024	60,000	7,283	67,283
2025	65,000	5,297	70,297
2026	65,000	3,201	68,201
2027	<u>65,000</u>	<u>1,073</u>	<u>66,073</u>
	<u>425,000</u>	<u>49,527</u>	<u>474,527</u>

NOTE 16 CHANGE IN ACCOUNTING FOR STUDENT ACTIVITY FUND

In prior years, the Student Activity Fund had been recorded as a Fiduciary Fund. Beginning July 1, 2019, the District accounts for student activities in a Special Revenue Fund. The beginning fund balance for the Student Activity Special Revenue Fund at July 1, 2019, was \$129,829. That amount is the reclassified equity of the Student Activity Agency Fund at June 30, 2019. The beginning net position of governmental activities has been increased by that same amount.

	<u>Net Position</u>	<u>Fund Balance – Governmental Funds</u>
Balance at June 30, 2019	(1,510,609)	2,447,051
Change for Student Activity	<u>129,829</u>	<u>129,829</u>
Beginning Balance, as Restated	<u>(1,380,780)</u>	<u>2,576,880</u>

REQUIRED SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUNDS

General Fund

The General Fund accounts for all transactions of the District not accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed from property taxes and other general revenues. It is the most significant fund in relation to the District's overall operations.

Food Service Special Revenue Fund - this fund accounts for all financial activities associated with the District's school breakfast and lunch programs.

Pension Trend Data

Other Post Employment Benefits Trend Data

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
 GENERAL FUND

For the Year Ended June 30, 2020

<u>REVENUES</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable <u>(Unfavorable)</u>
<u>Local Sources</u>				
Property Taxes	574,000	574,000	576,208	2,208
Specific Ownership Taxes	48,000	48,000	54,973	6,973
Earnings on Investments	28,000	28,000	29,642	1,642
Delinquent Taxes & Interest	-	-	2,437	2,437
Other	178,000	178,000	171,643	(6,357)
<u>State Sources</u>				
Equalization	2,374,000	2,374,000	2,374,378	378
Transportation	27,000	27,000	28,801	1,801
Vocational Education	16,000	16,000	29,845	13,845
Other	150,000	150,000	188,978	38,978
<u>Federal Sources</u>				
Other	141,000	141,000	201,616	60,616
<u>Allocation</u>				
	-	-	-	-
<u>TOTAL REVENUES</u>	<u>3,536,000</u>	<u>3,536,000</u>	<u>3,658,521</u>	<u>122,521</u>
 <u>EXPENDITURES</u>				
<u>Instruction</u>				
<u>Regular Programs</u>				
Salaries	1,636,284	1,636,284	1,143,782	492,502
Employee Benefits	459,500	459,500	464,701	(5,201)
Purchased Services - Professional	200,758	200,758	126,758	74,000
Purchased Services – Property	3,902	3,902	-	3,902
Purchased Services – Other	26,163	26,163	24,998	1,165
Supplies and Materials	299,910	299,910	129,079	170,831
Property	68,210	68,210	66,372	1,838
Other Objects	10,000	10,000	-	10,000
<u>Total Instruction</u>	<u>2,704,727</u>	<u>2,704,727</u>	<u>1,955,690</u>	<u>749,037</u>
<u>SUPPORTING SERVICES</u>				
<u>Student Supporting Services</u>				
Salaries	44,500	44,500	48,530	(4,030)
Employee Benefits	13,000	13,000	19,381	(6,381)
Purchased Services – Professional	7,200	7,200	20,081	(12,881)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	1,750	1,750	500	1,250
Supplies and Materials	1,050	1,050	1,337	(287)
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Student Services</u>	<u>67,500</u>	<u>67,500</u>	<u>89,829</u>	<u>(22,329)</u>

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND

For the Year Ended June 30, 2020

<u>SUPPORTING SERVICES (Continued)</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance -
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>Instructional Staff</u>				
Salaries	-	-	14	(14)
Employee Benefits	-	-	4	(4)
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	-	-
Supplies and Materials	3,000	3,000	4,500	(1,500)
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Instructional Staff</u>	<u>3,000</u>	<u>3,000</u>	<u>4,518</u>	<u>(1,518)</u>
<u>General Administration</u>				
Salaries	85,000	85,000	85,400	(400)
Employee Benefits	21,000	21,000	30,421	(9,421)
Purchased Services – Professional	8,000	8,000	11,062	(3,062)
Purchased Services – Property	-	-	386	(386)
Purchased Services – Other	1,000	1,000	6,113	(5,113)
Supplies and Materials	2,500	2,500	1,219	1,281
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total General Administration</u>	<u>117,500</u>	<u>117,500</u>	<u>134,601</u>	<u>(17,101)</u>
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	104,000	104,000	136,611	(32,611)
Employee Benefits	46,000	46,000	55,354	(9,354)
Purchased Services – Professional	2,000	2,000	3,965	(1,965)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	5,000	5,000	1,450	3,550
Supplies and Materials	2,000	2,000	2,216	(216)
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total School Administration</u>	<u>159,000</u>	<u>159,000</u>	<u>199,596</u>	<u>(40,596)</u>
<u>Business Services</u>				
Salaries	55,420	55,420	80,582	(25,162)
Employee Benefits	23,880	23,880	30,178	(6,298)
Purchased Services – Professional	35,000	35,000	24,455	10,545
Purchased Services – Property	-	-	-	-
Purchased Services – Other	12,000	12,000	20,945	(8,945)
Supplies and Materials	2,000	2,000	2,569	(569)
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Business Services</u>	<u>128,300</u>	<u>128,300</u>	<u>158,729</u>	<u>(30,429)</u>

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
 GENERAL FUND

For the Year Ended June 30, 2020

<u>SUPPORTING SERVICES (Continued)</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance -
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>Operations and Maintenance</u>				
Salaries	95,000	95,000	121,225	(26,225)
Employee Benefits	55,000	55,000	60,313	(5,313)
Purchased Services – Professional	125,000	125,000	72,089	52,911
Purchased Services – Property	20,000	20,000	14,170	5,830
Purchased Services – Other	-	-	74,517	(74,517)
Supplies and Materials	133,000	133,000	223,389	(90,389)
Property	15,000	15,000	22,292	(7,292)
Other Objects	-	-	-	-
<u>Total Operations and Maintenance</u>	<u>443,000</u>	<u>443,000</u>	<u>587,995</u>	<u>(144,995)</u>
<u>Student Transportation</u>				
Salaries	41,000	41,000	83,205	(42,205)
Employee Benefits	20,000	20,000	32,590	(12,590)
Purchased Services – Professional	9,000	9,000	9,395	(395)
Purchased Services – Property	1,000	1,000	-	1,000
Purchased Services – Other	10,000	10,000	9,248	752
Supplies and Materials	32,000	32,000	27,866	4,134
Property	18,000	18,000	131,118	(113,118)
Other Objects	-	-	-	-
<u>Total Student Transportation</u>	<u>131,000</u>	<u>131,000</u>	<u>293,422</u>	<u>(162,422)</u>
<u>Other Support</u>				
Salaries	-	-	-	-
Employee Benefits	-	-	-	-
Purchased Services – Professional	3,920	3,920	50	3,870
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	-	-
Supplies and Materials	6,000	6,000	5,160	840
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Other Support</u>	<u>9,920</u>	<u>9,920</u>	<u>5,210</u>	<u>4,710</u>
<u>Community Services</u>				
Salaries	1,000	1,000	2,230	(1,230)
Employee Benefits	3,000	3,000	910	2,090
Purchased Services – Professional	480	480	1,318	(838)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	-	-
Supplies and Materials	-	-	1,804	(1,804)
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Community Services</u>	<u>4,480</u>	<u>4,480</u>	<u>6,262</u>	<u>(1,782)</u>

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Facilities</u>				
Salaries	-	-	-	-
Employee Benefits	-	-	-	-
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	-	-
Supplies and Materials	-	-	-	-
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Facilities</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL SUPPORTING SERVICES</u>	<u>1,063,700</u>	<u>1,063,700</u>	<u>1,480,162</u>	<u>(416,462)</u>
<u>Debt Service:</u>				
Principal Retirement	-	-	55,000	(55,000)
Interest and Fiscal Charges	-	-	14,093	(14,093)
<u>Total Debt Service</u>	<u>-</u>	<u>-</u>	<u>69,093</u>	<u>(69,093)</u>
<u>Appropriated Reserves</u>	<u>1,841,893</u>	<u>1,841,893</u>	<u>-</u>	<u>1,841,893</u>
<u>TOTAL EXPENDITURES</u>	<u>5,610,320</u>	<u>5,610,320</u>	<u>3,504,945</u>	<u>2,105,375</u>
<u>Revenues Over (Under) Expenditures</u>	<u>(2,074,320)</u>	<u>(2,074,320)</u>	<u>153,576</u>	
<u>Other Financing Sources (Uses)</u>				
Transfers	-	-	(50,000)	(50,000)
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
<u>Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</u>	<u>(2,074,320)</u>	<u>(2,074,320)</u>	<u>103,576</u>	
<u>FUND BALANCE, July 1</u>	<u>2,074,320</u>	<u>2,074,320</u>	<u>2,419,013</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>-</u>	<u>2,522,589</u>	

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOOD SERVICE – SPECIAL REVENUE FUND
For the Year Ended June 30, 2020

	<u>Budget</u>		<u>Actual</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
<u>Local Sources</u>				
Food Sales	38,500	38,500	36,419	(2,081)
Earnings on Investments	100	100	325	225
Other	6,500	6,500	5,899	(601)
<u>State Sources</u>				
School Lunches	3,800	3,800	2,876	(924)
<u>Federal Sources</u>				
School Lunches	72,000	72,000	71,317	(683)
Commodities	<u>8,000</u>	<u>8,000</u>	<u>9,343</u>	<u>1,343</u>
<u>Total Revenues</u>	<u>128,900</u>	<u>128,900</u>	<u>126,179</u>	<u>(2,721)</u>
<u>OPERATING EXPENSES</u>				
Salaries	55,000	55,000	72,885	(17,885)
Employee Benefits	22,000	22,000	35,081	(13,081)
Purchased Services – Professional	-	-	2,323	(2,323)
Purchased Services – Property	-	-	-	-
Purchased Services - Other	900	900	-	900
Supplies and Materials	105,400	105,400	83,042	22,358
Capital Outlay	4,190	4,190	-	4,190
Other	23,861	23,861	-	23,861
Commodities	-	-	9,343	(9,343)
Appropriated Reserves	-	-	-	-
<u>Total Expenses</u>	<u>211,351</u>	<u>211,351</u>	<u>202,674</u>	<u>8,677</u>
<u>REVENUES OVER (UNDER)</u>				
<u>EXPENDITURES</u>	(82,451)	(82,451)	(76,495)	
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
<u>REVENUES AND SOURCES OVER</u>				
<u>(UNDER) EXPENDITURES AND USES</u>	(32,451)	(32,451)	(26,495)	
<u>FUND BALANCE, Beginning</u>	<u>32,451</u>	<u>32,451</u>	<u>28,038</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>-</u>	<u>1,543</u>	

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 For The Last 10 Fiscal Years (As Available)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
District's proportion of the net pension liability (asset)	0.0286%	0.0269%	0.0295%	0.0304%	0.0314%	0.0328%	0.0330%	-	-	-
District's proportionate share of the net pension liability (asset)	\$4,279,668	\$4,760,390	\$9,547,338	\$9,078,713	\$4,810,020	\$4,438,790	\$4,202,533	-	-	-
State's proportionate share of the net pension liability associated with the District**	\$542,821	\$650,919	-	-	-	-	-	-	-	-
District's covered payroll	\$1,707,169	\$1,621,135	\$1,338,358	\$1,357,178	\$1,391,648	\$1,395,014	\$1,356,364	-	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	251%	294%	713%	669%	346%	318%	310%	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	64.52%	57.01%	43.96%	43.1%	59.2%	62.80%	64.06%	-	-	-

** A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
 For The Last 10 Fiscal Years (As Available)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contributions	\$ 330,849	\$ 310,123	\$ 262,197	\$ 249,470	\$ 246,776	\$ 235,577	\$ 216,812	\$ 196,709	-	-
Contributions in relation to the contractually required contributions	<u>\$(330,849)</u>	<u>\$(310,123)</u>	<u>\$(262,197)</u>	<u>\$(249,470)</u>	<u>\$(246,776)</u>	<u>\$(235,577)</u>	<u>\$(216,812)</u>	<u>\$(196,709)</u>	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
District's covered payroll	\$1,707,169	\$1,621,135	\$1,388,358	\$1,357,178	\$1,391,648	\$1,395,014	\$1,356,364	\$1,304,122	-	-
Contributions as a percentage of covered payroll	19.38%	19.13%	18.89%	18.38%	17.73%	16.89%	15.98%	15.08%	-	-

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY
 For The Last 10 Fiscal Years (As Available)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
District's proportion of the net OPEB liability (asset)	0.0187%	0.0174%	0.0168%	0.0173%	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$210,455	\$237,752	\$218,021	\$224,543	-	-	-	-	-	-
District's covered payroll	\$1,707,169	\$1,621,135	\$1,388,358	\$1,357,178	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	12.32%	14.66%	15.70%	16.54%	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	24.49%	17.03%	17.53%	16.72%	-	-	-	-	-	-

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

McCLAVE SCHOOL DISTRICT NUMBER RE-2
 SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
 For The Last 10 Fiscal Years (As Available)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contributions	\$ 17,413	\$ 16,536	\$ 14,161	\$ 13,843	-	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$ (17,413)</u>	<u>\$ (16,536)</u>	<u>\$ (14,161)</u>	<u>\$ (13,843)</u>	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-	-
District's covered payroll	\$1,707,169	\$1,621,135	\$1,388,358	\$1,357,178	-	-	-	-	-	-
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	-	-	-	-	-	-

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

OTHER SCHEDULES

Pupil Activity Special Revenue Fund – This fund is used to account for the activities of student clubs and organizations.

McCLAVE SCHOOL DISTRICT NUMBER RE-2
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PUPIL ACTIVITY – SPECIAL REVENUE FUND
For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Local Source			
Earnings on Investments	300	700	400
Other Local Sources	<u>92,000</u>	<u>98,234</u>	<u>6,234</u>
<u>Total Revenues</u>	<u>92,300</u>	<u>98,934</u>	<u>6,634</u>
<u>EXPENDITURES</u>			
Salaries	-	-	-
Employee Benefits	-	-	-
Purchased Services – Professional	4,000	3,176	824
Purchased Services – Property	2,000	1,578	422
Purchased Services – Other	29,000	12,500	16,500
Supplies and Materials	55,000	63,571	(8,571)
Capital Outlay	-	-	-
Other	<u>2,300</u>	<u>2,304</u>	<u>(4)</u>
<u>Total Expenditures</u>	<u>92,300</u>	<u>83,129</u>	<u>9,171</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	-	15,805	
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>
<u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	-	15,805	
<u>FUND BALANCE – Beginning</u>	<u>-</u>	<u>129,829</u>	
<u>FUND BALANCE – End of Year</u>	<u>-</u>	<u>145,634</u>	

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

STATE REQUIRED SCHEDULES

Auditor's Integrity Report (Revenues, Expenditures, and Fund Balance by Fund)

Bolded Balance Sheet



Colorado Department of Education
Auditors Integrity Report
 District: 0310 - McClave Re-2
 Fiscal Year 2019-20
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	1000 - 5999 Total Revenues & Other Sources	1000 - 5999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental			
10 General Fund	2,419,014	3,429,025	2,522,589
18 Risk Mgmt Sub-Fund of General Fund	0	0	0
19 Colorado Preschool Program Fund	0	75,920	0
Sub-Total	2,419,014	3,504,945	2,522,589
11 Charter School Fund	0	0	0
20,16-29 Special Revenue Fund	0	0	0
06 Supplemental Cap Const, Tech, Main, Fund	0	0	0
07 Total Program Reserve Fund	0	0	0
21 Food Service Spec Revenue Fund	26,038	303,674	1,543
22 Govt Designated Purpose Grants Fund	0	0	0
23 Pupil Activity Special Revenue Fund	129,030	83,129	145,634
24 Full Day Kindergarten Mill Levy Override	0	0	0
25 Transportation Fund	0	0	0
31 Bond Redemption Fund	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0
41 Building Fund	0	0	0
42 Special Building Fund	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0
Total	2,578,082	3,888,823	2,669,766
Proprietary			
50 Other Enterprise Funds	0	0	0
60 (63) Risk-Related Activity Fund	0	0	0
60,65-69 Other Internal Service Funds	0	0	0
Total	0	0	0
Fiduciary			
70 Other Trust and Agency Funds	0	0	0
72 Private Purpose Trust Fund	496,102	2,390	516,571
73 Agency Fund	0	0	0
74 Pupil Activity Agency Fund	0	0	0
79 GASB 34/Permanent Fund	0	0	0
85 Foundations	0	0	0
Total	496,102	2,390	516,571



Colorado Department of Education
Bolded Balance Sheet Report
 District: 0310 - McClave Re-2
 Fiscal Year 2019-20
 Colorado School District/BOCES

ASSETS	Governmental							Proprietary							Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20,22-29	Supplemental Cap Const Fund 06	Total Program Revenue Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals	
Cash and Investments (8100-8104,8111)	3,015,888	0	0	145,634	0	0	57,860	0	0	0	0	0	0	0	0	3,735,953	
Cash with Fiscal Agent (8105)	7,249	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7,249	
Other Investment Accounts (8112-8115)	5,150	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,150	
Taxes Receivable (8121,8122)	55,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	55,000	
Interfund Loans Receivable (8131,8132)	57,203	0	0	0	0	0	0	0	0	0	0	0	0	0	0	57,203	
Grants Accounts Receivable (8142)	3,616	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,616	
Other Receivables (8151-8154,8161)	3,478	0	0	0	0	0	1,642	0	0	0	0	0	0	0	0	5,120	
Inventories (8171,8172,8173)	0	0	0	0	0	0	12,548	0	0	0	0	0	0	0	0	12,548	
Prepaid Expenses 8181,8182)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Assets	3,147,583	0	0	145,634	0	0	72,051	0	0	0	0	0	0	516,571	0	3,881,839	

Governmental

Proprietary

Fiduciary

LIABILITIES & FUND EQUITY

LIABILITIES

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Interfund Payables (7401,7402)	0	0	0	0	0	0	57,203	0	0	0	0	0	0	0	0	57,203
Other Payables (7421-7423)	52,604	0	0	0	0	0	0	0	0	0	0	0	0	0	0	52,604
Accrued Expenses (7461)	197,110	0	0	0	0	0	13,305	0	0	0	0	0	0	0	0	210,415
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	337,180	0	0	0	0	0	0	0	0	0	0	0	0	0	0	337,180
Other Current Liabilities (7491,7492,7499)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow (7800)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow Grants (7801)	38,100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	38,100
Total Liabilities	624,594	0	0	0	0	0	70,508	0	0	0	0	0	0	0	0	695,502

