

**WOODLAND PARK SCHOOL
DISTRICT NUMBER RE-2**

FINANCIAL STATEMENTS
With Independent Auditors' Report

Year Ended June 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Woodland Park School District Number RE-2

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Woodland Park School District Number RE-2, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 Woodland Park School District Number RE-2's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund statements and schedules and the schedule of expenditures of federal awards 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 combining and individual fund statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2019, on our consideration of the Woodland Park School District Number RE-2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Woodland Park School District Number RE-2's internal control over financial reporting and compliance.

Hoelting & Company, Inc.

Colorado Springs, Colorado
November 12, 2019

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

The discussion and analysis of Woodland Park School District Re-2 financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the notes to the financial statements and financial statements to broaden their understanding of the District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

The fund balance for the General Fund decreased by \$697,465. Revenues came in over-budget in part due to better than expected sales tax revenue, tuition collection and investment earnings. Expenditures came in under-budget in most major categories. Some large capital projects budgeted in Fiscal Year 2018-2019 were delayed until Fiscal Year 2019-2020. The District budgets sufficient contingencies to cover any unanticipated operational needs. Food Service operations in the District exhibited a decrease in fund balance of \$50,564. This decrease in food service revenue is attributed to reduced student participation and District closure days due to inclement weather. Increasing personnel costs and uncollected student balances are impacting the Food Service Fund as well. The \$6,470 increase in the Transportation Fund was due to actual expenditures coming in under budget.

Using the Basic Financial Statements

The Basic Financial Statements consists of Government-wide Financial Statements, Fund Financial Statements, and Notes to Financial Statements. This report also contains other supplementary information and compliance information in addition to the basic financial statements themselves.

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

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail. The governmental fund statements tell how general District services were financed in the short term as well as what remains for future spending. Fiduciary Fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others to whom the resources in question belong. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Financial Analysis of the District as a Whole

The District's total net position was \$(44,414,773) as of June 30, 2019. Fiscal Year 2018-2019 was the fourth year the District's Governmental net position reflected the implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions and the second year GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions was implemented. This figure fluctuates annually based on the District's proportion of the net pension liability, which declined slightly compared to Fiscal year 2017-2018.

Government-Wide Financial Statements

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

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

In the Statement of Net Position and the Statement of Activities, the School District has one type of activity.

Governmental Activities – The School District's programs and services are reported here including instruction, support services, operations and maintenance of plant, pupil transportation, extracurricular activities, and food service.

An allocation of the District's Net Position is as follows:

| TABLE 1 - CONDENSED STATEMENT OF NET POSITION | | |
|--|------------------------------------|------------------------------------|
| | 2019 | 2018 |
| | Governmental Activities | Governmental Activities |
| Current Assets | \$ 12,231,862 | \$ 13,044,688 |
| Capital Assets - Net | 18,318,043 | 18,732,530 |
| Total Assets | 30,549,905 | 31,777,218 |
| Deferred Outflows of Resources | 13,997,207 | 26,075,835 |
| Current Liabilities | 2,543,962 | 2,494,089 |
| Long-Term Liabilities | 55,407,158 | 99,098,673 |
| Total Liabilities | 57,951,120 | 101,592,762 |
| Deferred Inflows of Resources | 31,010,765 | 3,907,838 |
| Net Position: | | |
| Net investment in capital assets | 8,278,978 | 8,382,063 |
| Restricted | 1,143,895 | 1,296,736 |
| Unrestricted | (53,837,646) | (57,326,346) |
| Total Net Position | \$ (44,414,773) | \$ (47,647,547) |

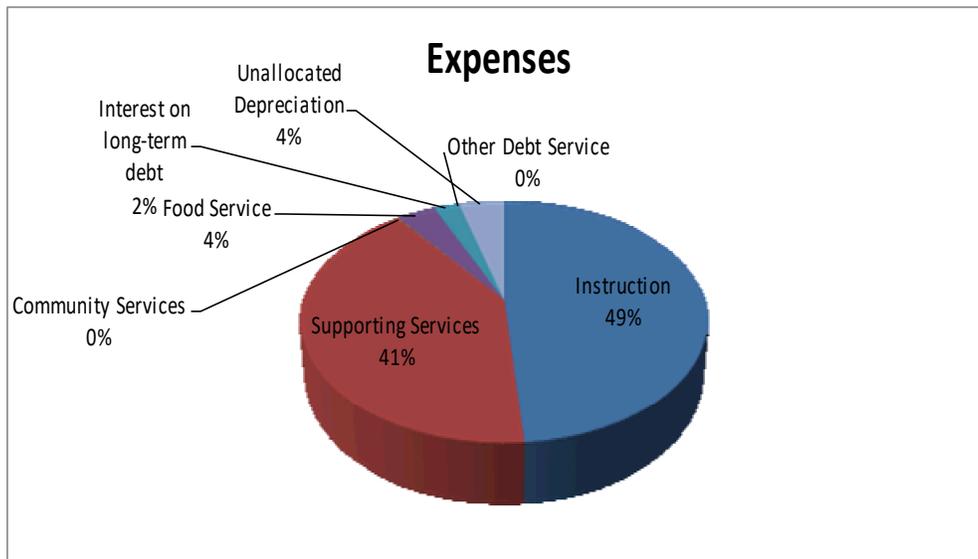
A portion of the District's net position is invested in capital assets (buildings, land, and equipment). The remaining net position is a combination of restricted and unrestricted amounts. The restricted net position is an amount set aside by management to finance future purchases or capital projects as planned by the District, to repay general obligation debt and to satisfy the Colorado constitutional requirement of an emergency reserve.

A summary of the District's activities is as follows:

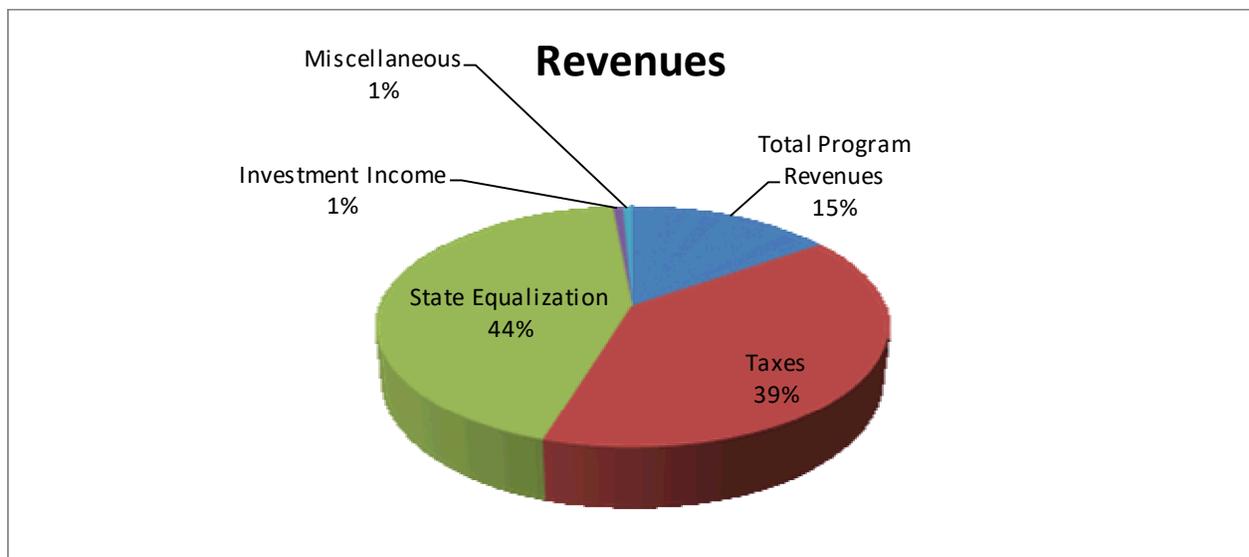
TABLE 2 - CONDENSED STATEMENT OF ACTIVITIES

| | 2019 | 2018 |
|--|------------------------------------|------------------------------------|
| | Governmental Activities | Governmental Activities |
| Program Revenues: | | |
| Charges for Services | \$ 816,422 | \$ 716,614 |
| Operating Grants | 3,122,951 | 3,016,764 |
| Capital Grants | - | 4,900 |
| Total Program Revenues | 3,939,373 | 3,738,278 |
| General Revenues: | | |
| Taxes | 10,218,396 | 10,185,096 |
| State Equalization | 11,321,121 | 10,767,405 |
| Investment Income | 189,992 | 98,137 |
| Miscellaneous | 188,421 | 134,588 |
| Total General Revenues | 21,917,930 | 21,185,226 |
| Total Revenues | 25,857,303 | 24,923,504 |
| Expenses | | |
| Instruction | 11,012,855 | 22,780,661 |
| Supporting Services | 9,270,905 | 14,713,505 |
| Community Services | 7,644 | 7,152 |
| Food Service | 822,924 | 907,833 |
| Interest on long-term debt | 535,826 | 544,464 |
| Other Debt Service | 3,350 | 3,350 |
| Unallocated Depreciation | 971,025 | 947,263 |
| Total Expenses | 22,624,529 | 39,904,228 |
| Change in Net Position | 3,232,774 | (14,980,724) |
| Net Position - Beginning | (47,647,547) | (30,802,449) |
| Prior period adjustment | - | (1,864,374) |
| Net Position - Beginning, As Restated | (47,647,547) | (32,666,823) |
| Net Position - Ending | \$ (44,414,773) | \$ (47,647,547) |

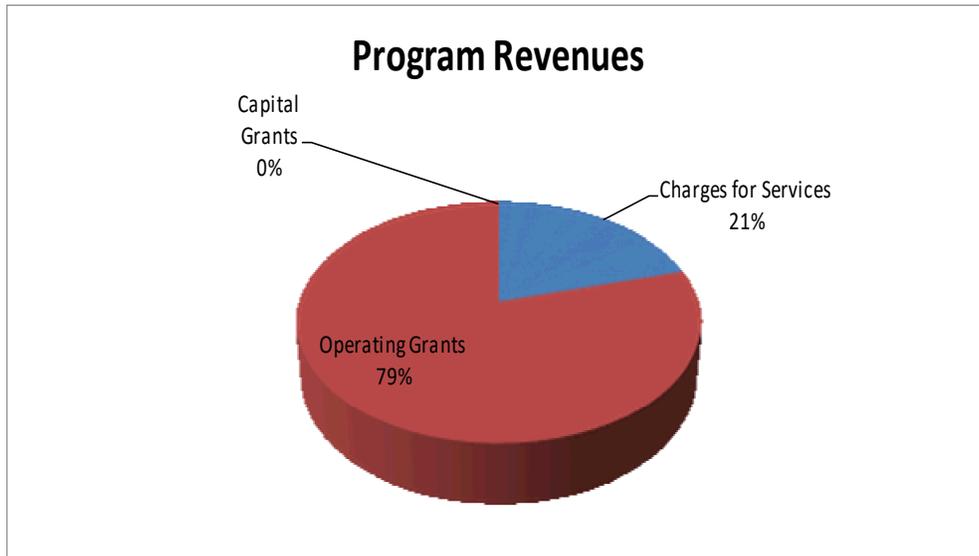
The District's largest activity is the instruction of students. The District also provides related services that support the educational activity. The distribution of the District's cost to provide these activities is as follows:



The District funds these costs through a combination of program specific and general revenues. An allocation of these sources is as follows:



Program revenues consist of charges for services, operating grants and contributions and capital grants and contributions. Charges for services, operating grants, and capital grants are shown below:



Reporting the District’s Most Significant Funds

The analysis of the District’s major funds begins on page 3. Fund financial reports provide detailed information about the District’s major funds. The District has two major funds: General Fund and Designated Purpose Grants Fund.

Governmental Funds

Most of District’s activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the district’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements of the Governmental Funds.

Fiduciary Funds

Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Fund Financial Statements

As of June 30, 2019, the District's governmental funds reported a combined fund balance of \$9,342,363, which is a decrease of \$741,559 from the June 30, 2018 balance. The following is additional information by fund, which contributed to the change.

General Fund revenues increased \$1,597,414 from 2018 to 2019. This is a reflection of increased local revenues via sales taxes, increased investment earnings and increased state equalization as it relates to per pupil program funding. General Fund Expenditures experienced a significant increase of \$2,317,897 due to compensation increases and large capital outlays from reserves (WPMS roof replacement and other large deferred maintenance projects).

Revenue and expenditures in the Designated Purpose Grants remained consistent with those from the prior year. The District continues to pursue grants as opportunities arise that meet the needs of students and staff.

The District contracts with Durham School Services to transport pupils. The purpose of the Transportation Fund is to document student transportation fees and the state transportation reimbursement. These revenues pay a portion of the District's overall transportation costs, the balance of which is absorbed by the General Fund. On June 30, 2019, The District's Transportation Fund showed an Ending Fund Balance of \$12,275.

The District contracts with Chartwells Dining Services to run the District's food service program. The District's Food Service Fund experienced a decrease in revenue of \$56,752 compared to FY 18 due to reduced student participation and District closures due to inclement weather. However, in spite of rising labor costs (mandatory minimum wage increases) FY 19 expenditures were \$102,648 lower than FY 18 as Chartwells worked diligently to contain operational supplies costs.

Capital Assets

As of June 30, 2019 the District had \$18,318,043 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deletions, and depreciation) of \$414,487.

TABLE 3 - CAPITAL ASSETS

| | Balance 6/30/18 | Additions | Deletions | Balance 6/30/19 |
|---------------------------------|----------------------|-------------------|---------------------|----------------------|
| <u>Governmental Activities:</u> | | | | |
| Capital Assets | | | | |
| Site improvements | \$ 1,358,643 | \$ - | \$ - | \$ 1,358,643 |
| Buildings | 35,827,729 | 784,157 | (436,556) | 36,175,330 |
| Transportation | 678,469 | 92,084 | - | 770,553 |
| Equipment and furniture | 2,050,968 | 204,405 | - | 2,255,373 |
| Construction in progress | 373,972 | 465,230 | (784,157) | 55,045 |
| Total Capital Assets | 40,289,781 | 1,545,876 | (1,220,713) | 40,614,944 |
| Less Accumulated Depreciation | (21,557,251) | (971,025) | 231,375 | (22,296,901) |
| Net Capital Assets | <u>\$ 18,732,530</u> | <u>\$ 574,851</u> | <u>\$ (989,338)</u> | <u>\$ 18,318,043</u> |

Please see Note 8 on page 20 of the financial statements for additional information related to District's capital assets.

Debt Administration

As of June 30, 2019 the School District had no outstanding bond principal due to being paid by the issuance of Certificates of Participation in 2016. The outstanding balance of the COP's at year-end is \$9,310,000. The District also has additional long-term liabilities in the amount of \$519,545 for Accrued Compensated Absences and \$1,506,835 for Capital leases. A summary of the district's long-term obligations is as follows:

TABLE 4 - LONG TERM LIABILITIES

| | Balance 6/30/18 | Debt Issued And Additions | Reductions | Balance 6/30/19 |
|---------------------------------|----------------------|------------------------------|---------------------|----------------------|
| <u>Governmental Activities:</u> | | | | |
| Taxable refunding COPs | \$ 9,715,000 | \$ - | \$ (405,000) | 9,310,000 |
| Discount | (35,711) | - | 1,944 | (33,767) |
| Total COPs Payable | 9,679,289 | - | (403,056) | 9,276,233 |
| Capital Leases | 1,581,439 | - | (74,604) | 1,506,835 |
| Compensated Absences | 404,451 | 115,094 | - | 519,545 |
| Total Long-Term Liabilities | <u>\$ 11,665,179</u> | <u>\$ 115,094</u> | <u>\$ (477,660)</u> | <u>\$ 11,302,613</u> |

General Fund Budget

The Board of Education adopts the District's budget in June of each year. Changes are then made mid-year after student enrollment is finalized. The adoption of supplemental budgets is allowed throughout the year when unanticipated additional revenues are received. The majority of changes to the General Fund budget are in the area of salary and benefits due to staff changes. The Designated Purpose Grants budget is revised, as final allocations become known. Revenues generated from the District's Program Funding (Colorado School Finance Act) change throughout the year. Program funding is based upon student enrollment on October 1st of each year. This per pupil funding is based on a combination of Property Tax, State Equalization, and Specific Ownership Tax. Because these factors are not known in June when the budget is adopted, the portion of revenue from each source is an estimate.

Economic Factors and Next Year's Budget

While there was an enrollment decline pause in FY 18, the District experienced a decline in student numbers again in FY 2018-2019 and FY 2019-2020. For almost two decades, the District has experienced a prolonged period of declining enrollment. The District continues to actively monitor annual enrollment. At the same time, regional and national economic and budgetary issues continue to impact program funding. WPSD awaits the Governor's Preliminary Budget Request for FY 21 and expects it to illustrate continuing declining enrollment and per pupil revenue maintaining stable or slightly elevated levels. There are many challenges facing the District while innovating, maintaining instructional programs, keeping class sizes reasonable, and keeping up with the increased costs of technology, salary and benefits. To address some of these issues, the City of Woodland Park passed a sales tax measure in April 2016 that directs 1.09% of annual sales tax collected to the District General Fund starting July 1, 2016. Sales tax revenues have now been realized for three full years and provide more sustainable local funding to address operational needs.

Requests for Information

This financial report is designed to provide a general overview of the Woodland Park School District Number RE-2's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Business Services, P.O. Box 99, Woodland Park, Colorado 80866.

BASIC FINANCIAL STATEMENTS

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS

| | |
|--------------------------------------|-------------------|
| Cash and investments | \$ 10,590,943 |
| Cash with county treasurer | 89,166 |
| Taxes receivable | 1,186,484 |
| Other receivables | 348,544 |
| Inventory | 16,725 |
| Capital assets not being depreciated | 55,045 |
| Capital assets, net of depreciation | <u>18,262,998</u> |

| | |
|--------------|-------------------|
| Total assets | <u>30,549,905</u> |
|--------------|-------------------|

DEFERRED OUTFLOWS OF RESOURCES

| | |
|-------------------------------|----------------|
| Deferred charges on refunding | 744,003 |
| Deferred pension outflows | 13,091,892 |
| Deferred OPEB outflows | <u>161,312</u> |

| | |
|--------------------------------------|-------------------|
| Total deferred outflows of resources | <u>13,997,207</u> |
|--------------------------------------|-------------------|

LIABILITIES

| | |
|-------------------------------|------------------|
| Accounts payable | 50,276 |
| Accrued salaries and benefits | 2,001,278 |
| Accrued interest | 39,176 |
| Unearned revenue | 453,232 |
| Long-term liabilities: | |
| Due within one year | 498,008 |
| Due in more than one year | 10,804,605 |
| Net pension liability | 42,006,698 |
| Net OPEB liability | <u>2,097,847</u> |

| | |
|-------------------|-------------------|
| Total liabilities | <u>57,951,120</u> |
|-------------------|-------------------|

DEFERRED INFLOWS OF RESOURCES

| | |
|--------------------------|--------------|
| Deferred pension inflows | 31,007,572 |
| Deferred OPEB inflows | <u>3,193</u> |

| | |
|-------------------------------------|-------------------|
| Total deferred inflows of resources | <u>31,010,765</u> |
|-------------------------------------|-------------------|

NET POSITION

| | |
|----------------------------------|---------------------|
| Net investment in capital assets | 8,278,978 |
| Restricted for: | |
| Emergency reserve (TABOR) | 745,000 |
| Other purposes | 398,895 |
| Unrestricted | <u>(53,837,646)</u> |

| | |
|--------------------|-------------------------------|
| Total net position | <u><u>\$ (44,414,773)</u></u> |
|--------------------|-------------------------------|

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

**WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

| <u>Functions/Programs</u> | <u>Program Revenue</u> | | | <u>Net (Expense) Revenue and Changes in Net Position</u> | |
|-------------------------------|------------------------|---------------------------------|---|--|---|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | | <u>Capital Grants and Contributions</u> |
| Primary government | | | | | |
| Governmental activities | | | | | |
| Instruction | \$ 11,012,855 | \$ 421,508 | \$ 2,441,681 | \$ - | \$ (8,149,666) |
| Supporting services | 9,270,905 | 21,166 | 283,086 | - | (8,966,653) |
| Community services | 7,644 | - | - | - | (7,644) |
| Food Service | 822,924 | 373,748 | 398,184 | - | (50,992) |
| Interest on long-term debt | 535,826 | - | - | - | (535,826) |
| Other debt service | 3,350 | - | - | - | (3,350) |
| Depreciation - unallocated | 971,025 | - | - | - | (971,025) |
| Total governmental activities | <u>\$ 22,624,529</u> | <u>\$ 816,422</u> | <u>\$ 3,122,951</u> | <u>\$ -</u> | <u>(18,685,156)</u> |
| General revenues: | | | | | |
| Property taxes | | | | | 7,064,048 |
| Specific ownership taxes | | | | | 861,067 |
| State equalization | | | | | 11,321,121 |
| Sales Tax | | | | | 2,293,281 |
| Investment earnings | | | | | 189,992 |
| Miscellaneous | | | | | 188,421 |
| Total general revenues | | | | | <u>21,917,930</u> |
| Change in net position | | | | | 3,232,774 |
| Net position - beginning | | | | | <u>(47,647,547)</u> |
| Net position - ending | | | | | <u>\$ (44,414,773)</u> |

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

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

| | <u>General Fund</u> | <u>Designated Purpose Grants Fund</u> | <u>Total Non-major Funds</u> | <u>Total Governmental Funds</u> |
|--|-----------------------------|---|--------------------------------------|---|
| ASSETS | | | | |
| Cash and investments | \$ 10,499,271 | \$ - | \$ 91,672 | \$ 10,590,943 |
| Cash with county treasurer | 89,166 | - | - | 89,166 |
| Taxes receivable | 1,186,484 | - | - | 1,186,484 |
| Other receivables | 283,165 | 32,533 | 32,846 | 348,544 |
| Inventories | - | - | 16,725 | 16,725 |
| Due from other funds | - | 510,528 | - | 510,528 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 12,058,086</u> | <u>\$ 543,061</u> | <u>\$ 141,243</u> | <u>\$ 12,742,390</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 45,930 | \$ 4,346 | \$ - | \$ 50,276 |
| Accrued salaries and benefits | 1,899,314 | 101,964 | - | 2,001,278 |
| Due to other funds | 510,528 | - | - | 510,528 |
| Unearned revenue | - | 436,751 | 16,481 | 453,232 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>2,455,772</u> | <u>543,061</u> | <u>16,481</u> | <u>3,015,314</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - property taxes | 384,713 | - | - | 384,713 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total deferred inflows of resources | <u>384,713</u> | <u>-</u> | <u>-</u> | <u>384,713</u> |
| FUND BALANCES | | | | |
| Nonspendable | - | - | 16,725 | 16,725 |
| Restricted: | | | | |
| Emergency reserve (TABOR) | 745,000 | - | - | 745,000 |
| Multi-year obligations | 398,895 | - | - | 398,895 |
| Committed: | | | | |
| Transportation | - | - | 12,275 | 12,275 |
| Food Service | - | - | 95,762 | 95,762 |
| Assigned: | | | | |
| Risk Management | 95,309 | - | - | 95,309 |
| Unassigned | 7,978,397 | - | - | 7,978,397 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total fund balances | <u>9,217,601</u> | <u>-</u> | <u>124,762</u> | <u>9,342,363</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 12,058,086</u> | <u>\$ 543,061</u> | <u>\$ 141,243</u> | <u>\$ 12,742,390</u> |

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

**WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

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

| | | |
|---|---------------------|----------------------------|
| Total fund balance - governmental funds | \$ | 9,342,363 |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. | | |
| Capital assets | \$ 40,614,944 | |
| Accumulated depreciation | <u>(22,296,901)</u> | 18,318,043 |
| Property tax receivable is not available to pay current period expenditures and, therefore, is deferred in the fund financial statements. | | |
| | | 384,713 |
| Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds: | | |
| Deferred charges on refunding | \$ 744,003 | |
| Net pension liabilities | (42,006,698) | |
| Pension outflows | 13,091,892 | |
| Pension inflows | (31,007,572) | |
| Net OPEB liabilities | (2,097,847) | |
| OPEB outflows | 161,312 | |
| OPEB inflows | (3,193) | |
| Accrued interest | (39,176) | |
| Compensated absences | (519,545) | |
| Capital lease payable | (1,506,835) | |
| Certification of participation payable | (9,310,000) | |
| Unamortized bond premium | <u>33,767</u> | <u>(72,459,892)</u> |
| Net position of governmental activities in the statement of net position | \$ | <u><u>(44,414,773)</u></u> |

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

**WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

| | General Fund | Designated Purpose Grants Fund | Total Non-major Funds | Total Governmental Funds |
|--|---------------------|---|--------------------------------------|---|
| REVENUES | | | | |
| Local sources | \$ 11,176,527 | \$ 21,354 | \$ 395,341 | \$ 11,593,222 |
| State sources | 12,256,535 | 709,267 | 286,420 | 13,252,222 |
| Federal sources | 645,245 | 415,653 | 384,599 | 1,445,497 |
| Total revenues | <u>24,078,307</u> | <u>1,146,274</u> | <u>1,066,360</u> | <u>26,290,941</u> |
| EXPENDITURES | | | | |
| Instruction | 13,415,421 | 334,635 | - | 13,750,056 |
| Supporting services | 9,531,076 | 811,594 | 287,531 | 10,630,201 |
| Community services | 7,672 | - | - | 7,672 |
| Food services | - | - | 822,923 | 822,923 |
| Capital outlay | 915,165 | 55,045 | - | 970,210 |
| Debt service | 851,438 | - | - | 851,438 |
| Total expenditures | <u>24,720,772</u> | <u>1,201,274</u> | <u>1,110,454</u> | <u>27,032,500</u> |
| Excess (deficiency) of revenues over expenditures | <u>(642,465)</u> | <u>(55,000)</u> | <u>(44,094)</u> | <u>(741,559)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in (out) | <u>(55,000)</u> | <u>55,000</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(55,000)</u> | <u>55,000</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | (697,465) | - | (44,094) | (741,559) |
| Fund balances - beginning | <u>9,915,066</u> | <u>-</u> | <u>168,856</u> | <u>10,083,922</u> |
| Fund balances - ending | <u>\$ 9,217,601</u> | <u>\$ -</u> | <u>\$ 124,762</u> | <u>\$ 9,342,363</u> |

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

**WOODLAND PARK 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, 2019**

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

| | | |
|---|----|-----------|
| Net change in fund balances - total governmental funds: | \$ | (741,559) |
|---|----|-----------|

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

| | | | |
|-----------------|----|------------------|-----------|
| Capital outlays | \$ | 761,719 | |
| Depreciation | | <u>(971,025)</u> | (209,306) |

| | | |
|---|--|-----------|
| The net effect of transactions involving capital assets is to decrease net position | | (205,181) |
|---|--|-----------|

| | | |
|--|--|-----------|
| Governmental funds do not present property tax revenues that are unavailable to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned. | | (122,000) |
|--|--|-----------|

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.

| | | |
|------------------------|--|---------|
| Repayment of principal | | 479,604 |
|------------------------|--|---------|

Governmental funds report the effect of premiums, and discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the net effect of these differences in the treatment of long-term debt.

| | | | |
|---------------------------------------|----|------------------|-----------|
| Accrued interest | \$ | 860 | |
| Amortization of deferred on refunding | | <u>(168,202)</u> | (167,342) |

| | | |
|--|--|-----------|
| Governmental funds measure compensated absences by the amount of financial resources used, whereas these expenses are reported in the statement of activities based on the amounts earned during the year. | | (115,094) |
|--|--|-----------|

Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

| | | | |
|----------------------|----|-----------------|------------------|
| Net pension expenses | \$ | 4,360,774 | |
| Net OPEB expenses | | <u>(47,122)</u> | <u>4,313,652</u> |

| | | |
|---|----|-------------------------|
| Change in net position of governmental activities | \$ | <u><u>3,232,774</u></u> |
|---|----|-------------------------|

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

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
STATEMENT OF NET POSITION
FIDUCIARY FUND
JUNE 30, 2019

| | <u>Agency Fund</u> |
|----------------------------------|--------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 459,615 |
| Other receivables | <u>14</u> |
| Total assets | <u>459,629</u> |
| LIABILITIES | |
| Payable to student organizations | <u>459,629</u> |
| Total liabilities | <u><u>\$ 459,629</u></u> |

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

NOTES TO FINANCIAL STATEMENTS

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Woodland Park School District RE-2 (the District) conform to generally accepted accounting policies as applicable to governments.

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

A. Description of Government-Wide 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 primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

The inclusion or exclusion of component units is based on a determination of the elected official's financial accountability to their constituents, and whether the financial reporting entity follows the same accountability. Further, the financial statements of the reporting entity should enable the reader to distinguish between the primary government (including its blended component units, which are in substance, part of the primary government) and discretely presented component units. The criteria used for determining whether an entity should be included, either blended or discretely presented, includes but is not limited to fiscal dependency, imposition of will, legal standing, and the primary recipient of services.

The District has no component units for which either discrete or blended presentation is required.

C. Basis of Presentation – Government-Wide Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds. Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

The statement of activities demonstrates the degree to which direct expenses of given functions or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained by the District is consistent with legal and managerial requirements.

The emphasis of fund financial statements is on major governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

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

The *Governmental Designated-Purpose Grants Fund* is used to record financial transactions for grants received for designated programs funded by federal, state or local governments.

Additionally, the District reports the following fund types:

Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including major capital projects).

The *Food Service Fund* accounts for the District's food service program.

The *Transportation Fund* is authorized by Colorado State law to account for revenues from a tax levied or fee imposed for the purpose of paying excess transportation costs.

Fiduciary Funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. The District has one fiduciary fund:

The *Agency Fund* is custodial in nature and does not present results of operations or a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation – Fund Financial Statements (continued)

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt are reported as other financing sources, and acquisitions of capital leased assets are reported as other financing uses.

Those revenues susceptible to accrual are property taxes, interest revenue and charges for services. Specific ownership taxes collected and held by the county at year-end on behalf of the District are also recognized as revenue. Other revenues, such as transportation, vocational and special education, are not susceptible to accrual because, generally, they are not measurable until received in cash. Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, Deferred Outflows of Resources, and Net Position/Fund Balance

Cash and cash equivalents

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash account is available to meet current operating requirements. Surplus or temporary surplus money in each separate fund may be invested, but no mixing between funds is allowed. Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables

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

Inventory

Inventory is valued at the lower of cost or market using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

In the Food Service Fund, commodity inventories are stated at USDA's assigned values, which approximate fair value at the date of receipt.

Restricted cash and cash equivalents

The use of certain cash and cash equivalents of the District may be restricted. These cash items are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by debt agreements.

Capital Assets

Capital assets, which include sites, site improvements, buildings and improvements, transportation, and equipment, are reported in the applicable governmental column in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. The capitalization level for equipment is \$5,000 in all funds. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, Deferred Outflows of Resources, and Net Position/Fund Balance (continued)

Capital Assets (Continued)

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

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

| | |
|-------------------|--------------|
| Buildings | 5 - 50 years |
| Site improvements | 5 - 20 years |
| Transportation | 3 - 8 years |
| Equipment | 3 - 15 years |

Pensions

Woodland Park 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. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SCHDTF are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates for the SCHDTF by 0.25 percent on July 1, 2019.
- Increases employee contribution rates for the SCHDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, Deferred Outflows of Resources, and Net Position/Fund Balance (continued)

Pensions (continued)

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

Health Care Trust Fund

OPEB. Woodland Park 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.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to 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 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.

Long-term liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, Deferred Outflows of Resources, and Net Position/Fund Balance (continued)

Net position flow assumption

The District may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

Fund balance flow assumption

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

Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, Deferred Outflows of Resources, and Net Position/Fund Balance (continued)

Fund balance classification (continued)

Assigned – This classification includes amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

G. Revenues and Expenditures/Expenses

Program revenues

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

Compensated Absences

Sick Pay: Under the District’s policies, all employees earn annual sick leave based upon their employment status as either a nine month or twelve month employee. All full time employees with at least five years of continuous service are eligible to receive upon resignation, termination, retirement or death, prorated payment of their accumulated annual sick leave.

The District has recorded the accrued liability for the sick pay in the accompanying financial statements. Unpaid liability for the sick pay for the governmental funds is recorded in the government-wide financial statements.

Vacation Pay: The District has recorded the accrued liability for the dollar value of accumulated unpaid vacation that will be paid to employees upon separation from District service.

The current portion of this liability represents the amounts that would be liquidated with expendable available financial resources and would be recorded in the General Fund. The current portion is not material. Therefore, a liability of these benefits has not been reflected in these statements.

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

1. At the May board meeting of the Board of Education, the Director of Business Services and Superintendent of Schools submit 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 hearings are conducted at Board of Education meetings to obtain taxpayers comments.
3. Prior to June 30, the budget is adopted by the Board of Education.
4. Any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Debt Service, and Trust and Agency Funds.
6. Budgets for the General, Special Revenue, Debt Service, and Trust and Agency Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts in this report are as originally adopted or amended.
7. All original and supplemental appropriations for all funds lapse at the end of the fiscal year.

NOTE 3 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of June 30, 2019 is as follows:

| | |
|-------------|----------------------|
| Deposits | \$ 1,138,769 |
| Investments | <u>9,452,174</u> |
| Total | <u>\$ 10,590,943</u> |

Deposits and investments are reported in the financial statements as follows:

| | |
|----------------------|----------------------|
| Cash and investments | <u>\$ 10,590,943</u> |
|----------------------|----------------------|

Deposits

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. 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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA.

PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

As of June 30, 2019, the carrying amounts of the District's deposits were \$1,138,769 and the bank balances were \$1,477,300. Of the bank balances \$296,770 was covered by the federal deposit insurance and \$1,180,530 was uninsured but collateralized in accordance with the provisions of the PDPA.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

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

- Bonds and other interest-bearing obligations of the United States government.
- Bonds and other interest-bearing obligations which are guaranteed by the United States government.
- Bonds which are a direct obligation of the State of Colorado, or of any city, county or school district therein.
- Notes or bonds issued to the “National Housing Act”.
- Repurchase agreements.
- Local government investment pools.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates the District’s investment policy limits its investment portfolio to investment maturities not to exceed five years from the date of purchase.

Credit Risk: The District’s investment policy limits investments as described above. As of June 30, 2019 all of the District’s investments were rated Aaa by Moody’s Investor Services.

As of June 30, 2019 the District had the following investments and maturities:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Investment Maturities</u> | | | |
|------------------------|---------------------|------------------------------|------------------------------|-------------------------|-------------------------|
| | | <u>Less than 90 days</u> | <u>90 days to 1 year</u> | <u>1 to 2 Years</u> | <u>2 to 5 Years</u> |
| Money Market Funds | \$ 635,743 | \$ 635,743 | \$ - | \$ - | \$ - |
| ColoTrust | 6,806,212 | 6,806,212 | - | - | - |
| Fixed Income | <u>2,010,219</u> | <u>64,965</u> | <u>793,941</u> | <u>639,673</u> | <u>511,640</u> |
| Total | <u>\$ 9,452,174</u> | <u>\$ 7,506,920</u> | <u>\$ 793,941</u> | <u>\$ 639,673</u> | <u>\$ 511,640</u> |

As of June 30, 2019, the District has invested \$6,806,212 in the Colorado Government Liquid Asset Trust (ColoTrust). ColoTrust is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. This investment vehicle operates similarly to money market funds and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares.

The designated custodial bank provides safekeeping and depository services to ColoTrust in connection with the direct investment and withdrawal function of ColoTrust. Substantially all securities owned by ColoTrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify the investments owned by ColoTrust. Investments of ColoTrust consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes. However, the District does not categorize investments with ColoTrust because they are not evidenced by securities that exist in physical or book entry form.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – FAIR VALUE MEASUREMENT

The District records assets and liabilities in accordance with GASB 72, which establishes general principles for measuring fair value, provides additional fair value application guidance and enhances disclosures about fair value measurements.

GASB 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability. Such assumptions include observable and unobservable inputs of market data, as well as assumptions about risk and the risk inherent in the inputs to the valuation technique. As a basis for considering market participant assumptions in fair value measurements, GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

- Level 1 inputs reflect prices quoted in active markets.
- Level 2 inputs reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 inputs reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment’s risk.

Investments classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Investments classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|----------------------------------|-------------------|---------------------|-------------------|---------------------|
| Investments - unrestricted | | | | |
| Fixed Income | \$ _____ - | \$ 2,010,219 | \$ _____ - | \$ 2,010,219 |
| Total Investments - unrestricted | <u>\$ _____ -</u> | <u>\$ 2,010,219</u> | <u>\$ _____ -</u> | <u>\$ 2,010,219</u> |

NOTE 5 – OTHER RECEIVABLES

Other receivables as of year-end for the government’s individual major funds and non-major and enterprise funds in the aggregate, are as follows:

| | <u>General</u> | <u>Grants</u> | <u>Non-major and Other Funds</u> | <u>Total</u> |
|--------------|-------------------|------------------|--------------------------------------|-------------------|
| Receivables: | | | | |
| Other | \$ <u>283,165</u> | \$ <u>32,533</u> | \$ <u>32,846</u> | \$ <u>348,544</u> |

The District expects uncollectible amounts to be insignificant; accordingly, no allowance for uncollectible accounts has been made.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 – TAXES

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on December 31 and are payable in full by April 30, or are payable in two equal installments due February 28 and June 15. The Teller County Treasurer bills and collects the District’s property tax. District property tax revenues are recognized when levied to the extent they result in current receivables.

The District is permitted to levy taxes on the assessed valuation for general governmental services and for the payment of principal and interest on long-term debt. The tax rate for the year ended December 31, 2019 is 26.784 mills for general operating expenses. The District’s assessed valuation for the collection year 2019 is \$261,254,283.

Sales Taxes

The city of Woodland Park collects sales tax at the rate of 1.09%, which is used by the District to service Certificates of Participation which were issued to reduce property taxes by 6.725 mills.

Specific Ownership Taxes

Specific ownership taxes are collected by the county for motor vehicle and other personal property registered in the District’s assessment area. The tax receipts collected by the county are remitted to the District in the subsequent month. Specific ownership taxes are recorded as revenue when collected by the county.

NOTE 7 – INTERFUND RECEIVABLES AND PAYABLES

Receivables and Payables

All interfund receivables and payables are created in conjunction with the District’s pooled cash and investment portfolios. Balances are routinely cleared as a matter of practice.

The composition of interfund balances at June 30, 2019 is as follows:

| | <u>Due From Other Funds</u> | <u>Due to Other Funds</u> |
|--------------|---------------------------------|-------------------------------|
| General Fund | \$ - | \$ 510,528 |
| Grants Fund | <u>510,528</u> | <u>-</u> |
| Total | <u>\$ 510,528</u> | <u>\$ 510,528</u> |

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - CAPITAL ASSETS

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

| <u>Governmental activities</u> | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|-------------------|-------------------|---------------------------|
| Capital assets, not being depreciated: | | | | |
| Construction in Progress | \$ 373,972 | \$ 465,230 | \$ 784,157 | \$ 55,045 |
| Total non-depreciable assets | <u>373,972</u> | <u>465,230</u> | <u>784,157</u> | <u>55,045</u> |
| Capital assets, being depreciated: | | | | |
| Site improvements | 1,358,643 | - | - | 1,358,643 |
| Buildings | 35,827,729 | 784,157 | 436,556 | 36,175,330 |
| Transportation | 678,469 | 92,084 | - | 770,553 |
| Equipment and furniture | <u>2,050,968</u> | <u>204,405</u> | <u>-</u> | <u>2,255,373</u> |
| Total capital assets | <u>39,915,809</u> | <u>1,080,646</u> | <u>436,556</u> | <u>40,559,899</u> |
| Less accumulated depreciation for: | | | | |
| Site improvements | 944,339 | 128,647 | - | 1,072,986 |
| Buildings | 18,262,154 | 687,253 | 231,375 | 18,718,032 |
| Transportation | 575,522 | 48,282 | - | 623,804 |
| Equipment and furniture | <u>1,775,236</u> | <u>106,843</u> | <u>-</u> | <u>1,882,079</u> |
| Total accumulated depreciation | <u>21,557,251</u> | <u>971,025</u> | <u>231,375</u> | <u>22,296,901</u> |
| Total capital assets being depreciated, net | <u>18,358,558</u> | <u>109,621</u> | <u>205,181</u> | <u>18,262,998</u> |
| Capital assets, net | <u>\$ 18,732,530</u> | <u>\$ 574,851</u> | <u>\$ 989,338</u> | <u>\$ 18,318,043</u> |

NOTE 9 – ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2019 are \$2,001,278. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the Governmental Activities.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10 - LONG-TERM LIABILITIES

Certificates of Participation

Principal
Balance

\$10,085,000 of Taxable Refunding Certificate of Participation, Series 2016, were issued on October 26, 2016 to advance refund on General Obligation Refunding Bonds, Series 2011, to advance refund General Obligation Refunding Bonds, Series 2013, and prepay a portion of an energy efficiency lease. Principal and interest are due semi-annually on May 15 and November 15. Interest accrues at an annual rate between 1.45% and 3.20%.

\$ 9,310,000

Annual debt service requirements to maturity for the certificate of participation are as follows:

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>Governmental Activities</u> | |
|---|--------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2020 | \$ 410,000 | \$ 309,305 |
| 2021 | 420,000 | 300,585 |
| 2022 | 425,000 | 290,865 |
| 2023 | 435,000 | 280,001 |
| 2024 | 455,000 | 267,868 |
| 2025 – 2029 | 2,455,000 | 1,119,409 |
| 2030 – 2034 | 2,805,000 | 653,487 |
| 2035 – 2037 | <u>1,905,000</u> | <u>116,300</u> |
| Total | <u>\$ 9,310,000</u> | <u>\$ 3,337,820</u> |

Prior Year Defeasance of Debt

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds and certificate of participation in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2019, \$8,00,000 of the defeased bonds remain outstanding.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10 - LONG-TERM LIABILITIES (CONTINUED)

Capital Leases

District-wide Energy Project

The District entered into a lease as lessee on June 26, 2014 for energy improvements to the facilities with a cost of \$2,098,116. This lease qualifies as a capital lease. The lease requires monthly payments beginning July 26, 2015 through June 26, 2030. Upon full satisfaction of the lease, the ownership of the equipment will transfer to the District.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

| <u>Year Ending June 30</u> | |
|---|---------------------|
| 2020 | \$ 136,968 |
| 2021 | 142,224 |
| 2022 | 148,008 |
| 2023 | 153,216 |
| 2024 | 158,952 |
| 2025 – 2029 | 884,856 |
| 2030 | <u>199,519</u> |
| Total minimum lease payments | 1,823,743 |
| Less: amount representing interest | <u>(316,908)</u> |
| Present value of minimum lease payments | <u>\$ 1,506,835</u> |

Compensated Absences

Accrued sick leave and vacation pay for all of the District’s full time employees total \$519,545. Sick leave and vacation is payable upon employee’s separation from the District. Sick leave is payable only to full time employees with at least five years of continuous service with the District.

Changes in Long-Term Liabilities

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

| | <u>Balance</u> <u>06/30/18</u> | <u>Debt Issued</u> <u>And Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>06/30/19</u> | <u>Due Within</u> <u>One year</u> |
|-------------------------------|-----------------------------------|--|-----------------------|-----------------------------------|--------------------------------------|
| Certificate of participation: | | | | | |
| Taxable refunding COP’s | \$ 9,715,000 | \$ - | \$ 405,000 | \$ 9,310,000 | \$ 410,000 |
| Discount | (35,711) | - | (1,944) | (33,767) | - |
| Capital lease | 1,581,439 | - | 74,604 | 1,506,835 | 88,008 |
| Compensated absences | <u>404,451</u> | <u>115,094</u> | <u>-</u> | <u>519,545</u> | <u>-</u> |
| Total | <u>\$ 11,665,179</u> | <u>\$ 115,094</u> | <u>\$ 477,660</u> | <u>\$ 11,302,613</u> | <u>\$ 498,008</u> |

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 – NET POSITION

The District has net position consisting of three components—net investment in capital assets; restricted; and unrestricted.

Net investment in capital assets consists of capital assets net of accumulated depreciation reduced by outstanding debt that is attributable to the acquisition, construction, or improvement of those assets. As of June 30, 2019, the District had net investment in capital assets as follows:

| | |
|--|---------------------|
| Capital assets, net of depreciation | \$ 18,318,043 |
| Long term liabilities due within one year | (498,008) |
| Long term liabilities due in more than one year: | <u>(9,541,057)</u> |
| | <u>\$ 8,278,978</u> |

Restricted net position is restricted for use either externally, imposed by creditors, grantors, contributors; or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. As of June 30, 2019, the District had restricted net position as follows:

| | |
|---------------------------|---------------------|
| Emergency reserve (TABOR) | \$ 745,000 |
| Other purposes | <u>398,895</u> |
| | <u>\$ 1,143,895</u> |

Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets, or restricted net position.

NOTE 12 – OPERATING LEASES

Copy Equipment

In June of 2014 the District entered into an operating lease for copy equipment. The lease requires monthly payments of \$2,628 for a period of 60 months.

NOTE 13 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the Woodland Park School District Number RE-2 are provided with pensions through the School Division Trust Fund (SCHDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

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

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

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions provisions as of June 30, 2019: Eligible employees, Woodland Park 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 percent of their PERA-includable salary during the period of July 1, 2018 through June 30, 2019. Employer contribution requirements are summarized in the table below:

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Woodland Park School District Number RE-2 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Woodland Park School District Number RE-2 were \$2,567,433 for the year ended June 30, 2019.

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

The net pension liability for the SCHDTF was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total pension liability to December 31, 2018. The Woodland Park School District Number RE-2 proportion of the net pension liability was based on Woodland Park School District Number RE-2 contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

At June 30, 2019, the Woodland Park School District Number RE-2 reported a liability of \$42,006,698 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 Woodland Park 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 Woodland Park School District Number RE-2 were as follows:

| | |
|---|---------------|
| Woodland Park School District Number RE-2 proportionate share of the net pension liability | \$ 42,006,698 |
| The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Woodland Park School District Number RE-2 | 5,743,833 |
| Total | \$ 47,750,531 |

At December 31, 2018, the Woodland Park School District Number RE-2 proportion was 0.2372314330 percent, which was a decrease of 0.0271215292 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the Woodland Park School District Number RE-2 recognized pension expense of \$-1,793,341 and revenue of \$29,508 for support from the State as a nonemployer contributing entity. At June 30, 2019, the Woodland Park School District Number RE-2 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ 1,424,914 | \$ - |
| Changes of assumptions or other inputs | 7,840,734 | 26,123,648 |
| Net difference between projected and actual earnings on pension plan investments | 2,289,627 | - |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 231,660 | 4,883,924 |
| Contributions subsequent to the measurement date | 1,304,957 | N/A |
| Total | \$ 13,091,892 | \$ 31,007,572 |

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$1,304,957 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|---------------------------|----------------|
| Year ended June 30, 2019: | |
| 2020 | \$ (3,377,577) |
| 2021 | (10,240,620) |
| 2022 | (6,854,910) |
| 2023 | 1,252,470 |
| 2024 | - |
| Thereafter | - |

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

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

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

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

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

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

**WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

- As specified in law, the State will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

Sensitivity of the Woodland Park 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:

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|------------------------|----------------------------------|------------------------|
| Proportionate share of the net pension liability | \$ 53,404,330 | \$ 42,006,698 | \$ 32,442,162 |

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.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Health Care Trust Fund

Plan description. Eligible employees of the Woodland Park 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.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (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.

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 Woodland Park School District Number RE-2 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Woodland Park School District Number RE-2 were \$137,043 for the year ended June 30, 2019.

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

At June 30, 2019, the Woodland Park School District Number RE-2 reported a liability of \$2,097,847 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The Woodland Park School District Number RE-2 proportion of the net OPEB liability was based on Woodland Park School District Number RE-2 contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the Woodland Park School District Number RE-2 proportion was 0.1541919701 percent, which was an increase of 0.0040580344 from its proportion measured as of December 31, 2017.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

For the year ended June 30, 2019, the Woodland Park School District Number RE-2 recognized OPEB expense of \$184,165. At June 30, 2019, the Woodland Park School District Number RE-2 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ 7,614 | \$ 3,193 |
| Changes of assumptions or other inputs | 14,716 | - |
| Net difference between projected and actual earnings on OPEB plan investments | 12,064 | - |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 57,338 | - |
| Contributions subsequent to the measurement date | 69,580 | N/A |
| Total | \$ 161,312 | \$ 3,193 |

\$69,580 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended June 30, 2019: | |
|---------------------------|-----------|
| 2020 | \$ 17,049 |
| 2021 | 17,049 |
| 2022 | 17,052 |
| 2023 | 25,428 |
| 2024 | 11,521 |
| Thereafter | 440 |

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

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

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

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

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

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

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

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

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

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

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

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

Sensitivity of the Woodland Park 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 |
|-------------------------------------|----------------------------|---------------------|----------------------------|
| PERACare Medicare trend rate | 4.00% | 5.00% | 6.00% |
| Initial Medicare Part A trend rate | 2.25% | 3.25% | 4.25% |
| Ultimate Medicare Part A trend rate | 4.00% | 5.00% | 6.00% |
| Net OPEB Liability | \$ 2,039,917 | \$ 2,097,847 | \$ 2,164,476 |

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

Sensitivity of the Woodland Park 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 | \$ 2,347,308 | \$ 2,097,847 | \$ 1,884,581 |

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.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; general liability; unemployment; and employee benefit expenses related to health programs. The District provides for these risks through the purchase of commercial insurance in the General Fund. Settled claims resulting from these risks have not exceeded the insurance coverage during any of the last three fiscal years.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Grants

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. District management believes disallowances, if any, will be immaterial.

NOTE 17 – JOINTLY GOVERNED ORGANIZATION

Ute Pass Board of Cooperative Educational Services

The District in conjunction with other surrounding districts created the Ute Pass 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 does not have an ongoing financial interest in or responsibility for the BOCES. Financial statements for the BOCES can be obtained from their office at 405 El Monte Place, Manitou Springs, Colorado 80829.

NOTE 18 – COLORADO SCHOOL DISTRICT/BOCES, ELECTRONIC DATA INTEGRITY CHECK FIGURES

The School Finance Act requires inclusion of the Colorado School District/BOCES, Electronic Financial Data Integrity Check Figures as a supplement schedule to the audited financial statements. The Report is based on a prescribed basis of accounting that demonstrates compliance with the financial policies and procedures of the Colorado Department of Education.

NOTE 19 - TAX, SPENDING, AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments.

The entity's financial activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth.

The amendment excludes from its provisions Enterprises. Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of its annual revenue in grants from all state and local governments combined, are excluded from the provisions of the Amendment.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 19 - TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

The Amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

On November 3, 1998, voters of the District elected out of compliance with the Tabor Amendment with passage of the following election question:

Shall the Woodland Park School District RE-2 be authorized and permitted to retain, appropriate, and utilize, by retention for reserve, carryover, fund balance, or expenditure, the full proceeds and revenues received from every source whatever, without limitation, in 1998 and all subsequent years, notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution, provided, however, that no local tax rate or property mill levy shall be increased at any time, nor shall any new tax be imposed, without the prior consent of the voters of the Woodland Park School District RE-2?

On April 5, 2016, voters of the City of Woodland Park passed the following election question:

Shall the City of Woodland Park, Colorado, taxes be increased by \$2.296 million in the first full fiscal year and by such amounts as may be generated annually thereafter by an additional sales tax at the rate of 1.09% commencing July 1, 2016, and continuing thereafter, to be used exclusively by Woodland Park School District RE-2 for educational purposes?

The passage of this question enabled the District to refinance its existing general obligation debt with the issuance of certificates of participation and reduced property taxes by 6.725 mills.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, the Amendment specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or irrevocable pledging present cash reserves for all future payments.

The Amendment requires Emergency Reserves to be established. These reserves must be 3 percent of Fiscal Year Spending. The entity is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. Emergency Reserves totaling \$745,000 have been presented as a reservation of fund balance in the General Fund.

The Amendment is complex and subject to judicial interpretation. The entity believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations of the amendment's language in order to determine its compliance.

REQUIRED SUPPLEMENTARY INFORMATION

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2019

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| District's proportion of the net pension liability (asset) | 0.2372314330% | 0.2643529622% | 0.2614084077% | 0.2628276915% | 0.2735285320% | 0.2863548648% |
| District's proportionate share of the net pension liability (asset) | \$ 42,006,698 | \$ 85,482,353 | \$ 77,831,392 | \$ 40,197,640 | \$ 37,072,304 | \$ 36,524,486 |
| State's proportionate share of the net pension liability (asset) associated with the District | 5,743,833 | - | - | - | - | - |
| Total | <u>\$ 47,750,531</u> | <u>\$ 85,482,353</u> | <u>\$ 77,831,392</u> | <u>\$ 40,197,640</u> | <u>\$ 37,072,304</u> | <u>\$ 36,524,486</u> |
| District's covered payroll | \$ 13,041,886 | \$ 12,194,290 | \$ 11,732,477 | \$ 11,453,971 | \$ 11,458,883 | \$ 11,543,876 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 322.09% | 701.00% | 663.38% | 350.95% | 323.52% | 316.40% |
| Plan fiduciary net position as a percentage of the total pension liability | 57.0% | 44.0% | 43.1% | 59.2% | 62.8% | 64.1% |

* The amounts presented for each year were determined as of 12/31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION
JUNE 30, 2019

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually required contribution | \$ 2,567,433 | \$ 2,368,456 | \$ 2,209,755 | \$ 2,037,969 | \$ 1,886,081 | \$ 1,727,460 |
| Contributions in relation to the contractually required contribution | <u>(2,567,433)</u> | <u>(2,368,456)</u> | <u>(2,209,755)</u> | <u>(2,037,969)</u> | <u>(1,886,081)</u> | <u>(1,727,460)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| District's covered payroll | \$ 13,420,976 | \$ 12,544,789 | \$ 12,022,604 | \$ 11,494,468 | \$ 11,173,463 | \$ 10,810,136 |
| Contributions as a percentage of covered payroll | 19.13% | 18.88% | 18.38% | 17.73% | 16.88% | 15.98% |

* The amounts presented for each fiscal year were determined as of 6/30.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

**WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
JUNE 30, 2019**

| | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|--|---------------|---------------|---------------|
| District's proportion of the net OPEB liability (asset) | 0.1541919701% | 0.1501339357% | 0.1485915540% |
| District's proportionate share of the net OPEB liability (asset) | \$ 2,097,847 | \$ 1,951,141 | \$ 1,926,540 |
| District's covered payroll | \$ 13,041,061 | \$ 12,188,574 | \$ 11,732,784 |
| District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | 16.09% | 16.01% | 16.42% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 17.0% | 17.5% | 16.7% |

* The amounts presented for each year were determined as of 12/31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB
JUNE 30, 2019

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|------------------|------------------|------------------|
| Contractually required contribution | \$ 137,043 | \$ 127,853 | \$ 122,555 |
| Contributions in relation to the contractually required contribution | <u>(137,043)</u> | <u>(127,853)</u> | <u>(122,555)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 13,435,605 | \$ 12,534,564 | \$ 12,015,239 |
| Contributions as a percentage of covered payroll | 1.02% | 1.02% | 1.02% |

* The amounts presented for each fiscal year were determined as of 6/30.

* Complete 10-year information to be presented in future years as it becomes

See the accompanying independent auditors' report.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts, Budgetary Basis</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|-------------------------|--------------------|--|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Property taxes | \$ 6,946,895 | \$ 7,001,284 | \$ 6,965,591 | \$ (35,693) |
| Specific ownership taxes | 850,000 | 855,000 | 861,067 | 6,067 |
| Sales Tax | 2,227,890 | 2,267,410 | 2,513,738 | 246,328 |
| State sources | 11,991,741 | 11,896,291 | 12,256,535 | 360,244 |
| Federal sources | 438,000 | 400,325 | 645,245 | 244,920 |
| Investment earnings | 40,000 | 65,000 | 189,992 | 124,992 |
| Other local revenue | 453,464 | 473,478 | 646,139 | 172,661 |
| Total revenues | <u>22,947,990</u> | <u>22,958,788</u> | <u>24,078,307</u> | <u>1,119,519</u> |
| EXPENDITURES | | | | |
| Instruction | 13,763,415 | 13,572,692 | 12,856,678 | 716,014 |
| Athletics | 701,552 | 703,981 | 558,743 | 145,238 |
| Supporting services | | | | |
| Student support | 1,344,414 | 1,437,761 | 1,549,855 | (112,094) |
| Instructional staff | 1,410,733 | 1,388,818 | 1,290,562 | 98,256 |
| General administration | 749,249 | 917,901 | 972,190 | (54,289) |
| School administration | 1,426,646 | 1,455,959 | 1,429,889 | 26,070 |
| Business services | 469,236 | 436,422 | 406,089 | 30,333 |
| Operations and maintenance | 1,993,773 | 2,005,643 | 2,026,765 | (21,122) |
| Student transportation | 1,189,962 | 1,168,075 | 975,119 | 192,956 |
| Central support service | 793,594 | 961,826 | 852,721 | 109,105 |
| Other support services | 18,241 | 19,111 | 27,886 | (8,775) |
| Community service | 4,305 | 5,305 | 7,672 | (2,367) |
| Capital outlay | 1,390,374 | 1,256,019 | 915,165 | 340,854 |
| Debt service | 851,335 | 851,335 | 851,438 | (103) |
| Contingency reserves | 7,050,707 | 6,638,007 | - | 6,638,007 |
| Total expenditures | <u>33,157,536</u> | <u>32,818,855</u> | <u>24,720,772</u> | <u>8,098,083</u> |
| Excess (deficiency) of revenues over expenditures | <u>(10,209,546)</u> | <u>(9,860,067)</u> | <u>(642,465)</u> | <u>9,217,602</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in (out) | - | (55,000) | (55,000) | - |
| Net change in fund balances | (10,209,546) | (9,915,067) | (697,465) | 9,217,602 |
| Fund balance - beginning | 10,209,546 | 9,915,067 | 9,915,066 | (1) |
| Fund balance - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 9,217,601</u> | <u>\$ 9,217,601</u> |

See the accompanying independent auditors' report.

**WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL DESIGNATED-PURPOSE GRANTS FUND
FOR THE YEAR ENDED JUNE 30, 2019**

| | <u>Budgeted Amounts</u> | | Actual Amounts, Budgetary Basis | with Final Budget - Positive (Negative) |
|---|-------------------------|------------------|--|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Local sources | \$ 50,750 | \$ 56,315 | \$ 21,354 | \$ (34,961) |
| State sources | 457,870 | 1,079,580 | 709,267 | (370,313) |
| Federal sources | 655,849 | 443,535 | 415,653 | (27,882) |
| Total revenues | <u>1,164,469</u> | <u>1,579,430</u> | <u>1,146,274</u> | <u>(433,156)</u> |
| EXPENDITURES | | | | |
| Instruction | 396,259 | 440,439 | 334,635 | 105,804 |
| Supporting services | | | | |
| Student support | 248,002 | 230,731 | 250,678 | (19,947) |
| Instructional staff | 515,608 | 529,120 | 505,224 | 23,896 |
| School administration | 1,600 | 1,600 | 1,600 | - |
| Business services | - | 30,000 | 30,000 | - |
| Operations and maintenance | - | 5,000 | 22,342 | (17,342) |
| Student transportation | 3,000 | 3,000 | - | 3,000 |
| Central support service | - | - | 1,750 | (1,750) |
| Capital Outlay | - | 394,540 | 55,045 | 339,495 |
| Total expenditures | <u>1,164,469</u> | <u>1,634,430</u> | <u>1,201,274</u> | <u>433,156</u> |
| Excess(deficiency) of revenues over expenditures | <u>-</u> | <u>(55,000)</u> | <u>(55,000)</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 55,000 | 55,000 | - |
| Net change in fund balances | - | - | - | - |
| Fund balances - beginning | - | - | - | - |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See the accompanying independent auditor's report.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

GENERAL FUND

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed primarily from property taxes and state aid. It is the most significant fund of the District.

Included in this presentation is a Risk-Management Sub-Fund of the General Fund. This fund allows the District to separate risk management accounting and maintain a self-balancing set of records specific to insurance reserve requirements.

The General Fund is deemed to be a major fund for financial reporting purposes.

WOODLAND PARK 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, 2019

| | Final Budget | Actual | Variance Favorable (Unfavorable) |
|--------------------------|----------------------|----------------------|--|
| REVENUES | | | |
| Local sources | | | |
| Property taxes | \$ 7,001,284 | \$ 6,965,591 | \$ (35,693) |
| Specific ownership taxes | 855,000 | 861,067 | 6,067 |
| Sales Tax | 2,267,410 | 2,513,738 | 246,328 |
| Tuition | 210,000 | 370,721 | 160,721 |
| Earnings on investments | 65,000 | 189,992 | 124,992 |
| Other local sources | 263,478 | 275,418 | 11,940 |
| Total local sources | <u>10,662,172</u> | <u>11,176,527</u> | <u>514,355</u> |
| State sources | | | |
| State equalization | 11,355,673 | 11,321,121 | (34,552) |
| Other state sources | 540,618 | 935,414 | 394,796 |
| Total state sources | <u>11,896,291</u> | <u>12,256,535</u> | <u>360,244</u> |
| Federal sources | | | |
| IDEA Part B | 73,938 | 89,980 | 16,042 |
| Forest service | 28,000 | 53,945 | 25,945 |
| Medicaid | 275,000 | 477,933 | 202,933 |
| Other | 23,387 | 23,387 | - |
| Total federal sources | <u>400,325</u> | <u>645,245</u> | <u>244,920</u> |
| Total revenues | <u>\$ 22,958,788</u> | <u>\$ 24,078,307</u> | <u>\$ 1,119,519</u> |

See the accompanying independent auditors' report.

WOODLAND PARK 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, 2019

| | Final Budget | Actual | Variance Favorable (Unfavorable) |
|------------------------------|-------------------|-------------------|--|
| EXPENDITURES | | | |
| Instructional services | | | |
| Instruction | | | |
| Salaries | \$ 8,789,886 | \$ 8,451,730 | \$ 338,156 |
| Employee benefits | 2,899,929 | 2,924,573 | (24,644) |
| Purchased services | 684,831 | 618,466 | 66,365 |
| Supplies | 903,240 | 654,283 | 248,957 |
| Capital outlay | 274,606 | 207,626 | 66,980 |
| Other expenses | 20,200 | - | 20,200 |
| Total instruction | <u>13,572,692</u> | <u>12,856,678</u> | <u>716,014</u> |
| Athletics | | | |
| Salaries | 417,340 | 321,843 | 95,497 |
| Employee benefits | 105,983 | 87,624 | 18,359 |
| Purchased services | 125,939 | 83,680 | 42,259 |
| Supplies | 23,045 | 25,097 | (2,052) |
| Capital outlay | 31,674 | 40,499 | (8,825) |
| Total athletics | <u>703,981</u> | <u>558,743</u> | <u>145,238</u> |
| Total instructional services | <u>14,276,673</u> | <u>13,415,421</u> | <u>861,252</u> |
| Supporting services | | | |
| Student support | | | |
| Salaries | 886,132 | 841,936 | 44,196 |
| Employee benefits | 276,630 | 279,071 | (2,441) |
| Purchased services | 98,319 | 284,141 | (185,822) |
| Supplies | 52,547 | 19,614 | 32,933 |
| Capital outlay | - | 960 | (960) |
| Transfers | 124,133 | 124,133 | - |
| Total student support | <u>1,437,761</u> | <u>1,549,855</u> | <u>(112,094)</u> |
| Instructional staff | | | |
| Salaries | 946,287 | 884,305 | 61,982 |
| Employee benefits | 285,330 | 293,144 | (7,814) |
| Purchased services | 68,162 | 54,294 | 13,868 |
| Supplies | 4,100 | 3,279 | 821 |
| Capital outlay | 84,939 | 55,540 | 29,399 |
| Total instructional staff | <u>1,388,818</u> | <u>1,290,562</u> | <u>98,256</u> |

See the accompanying independent auditors' report.

WOODLAND PARK 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, 2019

| | Final Budget | Actual | Variance Favorable (Unfavorable) |
|----------------------------------|---------------------|---------------------|--|
| General administration | | | |
| Salaries | \$ 550,837 | \$ 556,627 | \$ (5,790) |
| Employee benefits | 153,172 | 161,033 | (7,861) |
| Purchased services | 121,110 | 149,669 | (28,559) |
| Supplies | 68,782 | 84,258 | (15,476) |
| Capital outlay | 7,000 | 1,879 | 5,121 |
| Other expenses | 17,000 | 18,724 | (1,724) |
| Total general administration | <u>917,901</u> | <u>972,190</u> | <u>(54,289)</u> |
| School administration | | | |
| Salaries | 1,069,391 | 1,053,276 | 16,115 |
| Employee benefits | 323,458 | 316,068 | 7,390 |
| Purchased services | 46,650 | 41,891 | 4,759 |
| Supplies | 10,450 | 12,456 | (2,006) |
| Capital outlay | 2,510 | 2,866 | (356) |
| Other expenses | 3,500 | 3,332 | 168 |
| Total school administration | <u>1,455,959</u> | <u>1,429,889</u> | <u>26,070</u> |
| Business services | | | |
| Salaries | 251,945 | 255,507 | (3,562) |
| Employee benefits | 70,577 | 77,546 | (6,969) |
| Purchased services | 113,900 | 73,036 | 40,864 |
| Total business services | <u>436,422</u> | <u>406,089</u> | <u>30,333</u> |
| Operations and maintenance | | | |
| Salaries | 922,459 | 924,380 | (1,921) |
| Employee benefits | 342,385 | 355,275 | (12,890) |
| Purchased services | 154,434 | 164,060 | (9,626) |
| Supplies | 566,865 | 570,107 | (3,242) |
| Capital outlay | 19,500 | 12,943 | 6,557 |
| Total operations and maintenance | <u>\$ 2,005,643</u> | <u>\$ 2,026,765</u> | <u>\$ (21,122)</u> |

See the accompanying independent auditors' report.

WOODLAND PARK 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, 2019

| | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---------------------------------------|--------------------|---------------------|--|
| Student transportation | | | |
| Salaries | \$ 85,591 | \$ 80,512 | \$ 5,079 |
| Employee benefits | 18,755 | 19,099 | (344) |
| Purchased services | 853,645 | 679,286 | 174,359 |
| Supplies | 117,000 | 104,138 | 12,862 |
| Capital outlay | 93,084 | 92,084 | 1,000 |
| Total student transportation | <u>1,168,075</u> | <u>975,119</u> | <u>192,956</u> |
| Central support services | | | |
| Salaries | 49,248 | 49,493 | (245) |
| Employee benefits | 26,598 | 24,355 | 2,243 |
| Purchased services | 705,980 | 595,828 | 110,152 |
| Supplies | 9,000 | 19,941 | (10,941) |
| Capital outlay | 170,000 | 162,546 | 7,454 |
| Other expenses | 1,000 | 558 | 442 |
| Total central support services | <u>961,826</u> | <u>852,721</u> | <u>109,105</u> |
| Other supporting services | | | |
| Salaries | 17,280 | 24,075 | (6,795) |
| Employee benefits | 1,831 | 3,811 | (1,980) |
| Total other supporting services | <u>19,111</u> | <u>27,886</u> | <u>(8,775)</u> |
| Community Support | | | |
| Salaries | 1,071 | - | 1,071 |
| Employee benefits | 234 | - | 234 |
| Purchased services | 2,500 | 6,223 | (3,723) |
| Supplies | 1,500 | 1,449 | 51 |
| Total community support | <u>5,305</u> | <u>7,672</u> | <u>(2,367)</u> |
| Total supporting services | <u>9,796,821</u> | <u>9,538,748</u> | <u>258,073</u> |
| Capital outlay | 1,256,019 | 915,165 | 340,854 |
| Debt service | 851,335 | 851,438 | (103) |
| Contingency reserves | 6,638,007 | - | 6,638,007 |
| Total expenditures | <u>32,818,855</u> | <u>24,720,772</u> | <u>8,098,083</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in (out) | (55,000) | (55,000) | - |
| Net change in fund balances | <u>(9,915,067)</u> | <u>(697,465)</u> | <u>9,217,602</u> |
| Fund balance - beginning | 9,915,067 | 9,915,066 | (1) |
| Fund balance - ending | <u>\$ -</u> | <u>\$ 9,217,601</u> | <u>\$ 9,217,601</u> |

See the accompanying independent auditors' report.

GOVERNMENTAL DESIGNATED-PURPOSE GRANTS FUND

This fund is authorized by Colorado state law for the purpose of accounting for financial assistance from certain state and federal grants.

For financial reporting purposes, the Governmental Designated-Purpose Grants Fund was determined to be a major fund of the District for the current fiscal year.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GOVERNMENTAL DESIGNATED-PURPOSE GRANTS FUND
FOR THE YEAR ENDED JUNE 30, 2019

| | Final Budget | Actual | Variance Favorable (Unfavorable) |
|--|-----------------|---------------|--|
| REVENUES | | | |
| Local sources | \$ 56,315 | \$ 21,354 | \$ (34,961) |
| State sources | 744,670 | 709,267 | (35,403) |
| Federal sources | 438,905 | 415,653 | (23,252) |
| Total revenues | 1,239,890 | 1,146,274 | (93,616) |
| EXPENDITURES | | | |
| Instruction | 440,439 | 334,635 | 105,804 |
| Supporting services | | | |
| Student support | 230,731 | 250,678 | (19,947) |
| Instructional staff | 529,120 | 505,224 | 23,896 |
| School administration | 1,600 | 1,600 | - |
| Business services | 30,000 | 30,000 | - |
| Operations and maintenance | 5,000 | 22,342 | (17,342) |
| Student transportation | 3,000 | - | 3,000 |
| Central support service | - | 1,750 | (1,750) |
| Capital Outlay | - | 55,045 | (55,045) |
| Total expenditures | 1,239,890 | 1,201,274 | 38,616 |
| Excess (deficiency) of revenues over expenditures | - | (55,000) | (55,000) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | 55,000 | 55,000 |
| Net change in fund balances | - | - | - |
| Fund balances - beginning | - | - | - |
| Fund balances - ending | \$ - | \$ - | \$ - |

See the accompanying independent auditors' report.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes. The District has the following Special Revenue Funds:

Food Service Fund

This fund accounts for all financial activities associated with the District's school lunch program.

Transportation Fund

The Transportation Fund is authorized by Colorado state law to account for revenues from a tax levied or fee imposed for the purpose of paying excess transportation costs.

**WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2019**

| | <u>Special Revenue Funds</u> | | Total Nonmajor Governmental Funds |
|-------------------------------------|------------------------------|--------------------------------|--|
| | Food Service Fund | Transportation Fund | |
| ASSETS | | | |
| Cash and cash equivalents | \$ 79,397 | \$ 12,275 | \$ 91,672 |
| Other receivables | 32,846 | - | 32,846 |
| Inventories | 16,725 | - | 16,725 |
| | | | |
| Total assets | <u>\$ 128,968</u> | <u>\$ 12,275</u> | <u>\$ 141,243</u> |
| | | | |
| LIABILITIES | | | |
| Unearned revenue | \$ 16,481 | \$ - | \$ 16,481 |
| | | | |
| Total liabilities | <u>16,481</u> | <u>-</u> | <u>16,481</u> |
| | | | |
| FUND BALANCES | | | |
| Nonspendable: | | | |
| Inventory | 16,725 | - | 16,725 |
| Committed: | | | |
| Transportation | - | 12,275 | 12,275 |
| Food Service | 95,762 | - | 95,762 |
| | | | |
| Total fund balances | <u>112,487</u> | <u>12,275</u> | <u>124,762</u> |
| | | | |
| Total liabilities and fund balances | <u>\$ 128,968</u> | <u>\$ 12,275</u> | <u>\$ 141,243</u> |

See the accompanying independent auditors' report.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

| | <u>Special Revenue Funds</u> | | Total Nonmajor Governmental Funds |
|-----------------------------|------------------------------|--------------------------------|--|
| | Food Service Fund | Transportation Fund | |
| REVENUES | | | |
| Local sources | \$ 374,175 | \$ 21,166 | \$ 395,341 |
| State sources | 13,585 | 272,835 | 286,420 |
| Federal sources | 384,599 | - | 384,599 |
| | | | |
| Total revenues | <u>772,359</u> | <u>294,001</u> | <u>1,066,360</u> |
| | | | |
| EXPENDITURES | | | |
| Supporting services | - | 287,531 | 287,531 |
| Food services | 822,923 | - | 822,923 |
| | | | |
| Total expenditures | <u>822,923</u> | <u>287,531</u> | <u>1,110,454</u> |
| | | | |
| Net change in fund balances | (50,564) | 6,470 | (44,094) |
| | | | |
| Fund balances - beginning | <u>163,051</u> | <u>5,805</u> | <u>168,856</u> |
| | | | |
| Fund balances - ending | <u>\$ 112,487</u> | <u>\$ 12,275</u> | <u>\$ 124,762</u> |

See the accompanying independent auditors' report.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOOD SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2019

| | Final Budget | Actual | Variance Favorable (Unfavorable) |
|-----------------------------|------------------|-------------------|--|
| REVENUES | | | |
| Local sources | \$ 500,769 | \$ 374,175 | \$ (126,594) |
| State sources | 13,289 | 13,585 | 296 |
| Federal sources | 446,006 | 384,599 | (61,407) |
| | | | |
| Total revenues | <u>960,064</u> | <u>772,359</u> | <u>(187,705)</u> |
| | | | |
| EXPENDITURES | | | |
| Salaries | 328,984 | 338,091 | (9,107) |
| Employee benefits | 81,287 | 86,219 | (4,932) |
| Purchased services | 121,936 | 67,586 | 54,350 |
| Supplies | 408,022 | 279,111 | 128,911 |
| Commodities | 53,075 | 50,909 | 2,166 |
| Equipment | 44,000 | 1,007 | 42,993 |
| Appropriated reserve | 85,811 | - | 85,811 |
| | | | |
| Total expenditures | <u>1,123,115</u> | <u>822,923</u> | <u>300,192</u> |
| | | | |
| Net change in fund balances | (163,051) | (50,564) | 112,487 |
| | | | |
| Fund balance - beginning | <u>163,051</u> | <u>163,051</u> | <u>-</u> |
| | | | |
| Fund balance - ending | <u>\$ -</u> | <u>\$ 112,487</u> | <u>\$ 112,487</u> |

See the accompanying independent auditors' report.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2019

| | Final Budget | Actual | Variance Favorable (Unfavorable) |
|----------------------------|-----------------|-----------|--|
| REVENUES | | | |
| Local sources | \$ 25,000 | \$ 21,166 | \$ (3,834) |
| State sources | 266,478 | 272,835 | 6,357 |
| Total revenues | 291,478 | 294,001 | 2,523 |
| EXPENDITURES | | | |
| Supporting services | 297,284 | 287,531 | 9,753 |
| Total expenditures | 297,284 | 287,531 | 9,753 |
| Net change in fund balance | (5,806) | 6,470 | 12,276 |
| Fund balance - beginning | 5,806 | 5,805 | (1) |
| Fund balance - ending | \$ - | \$ 12,275 | \$ 12,275 |

See the accompanying independent auditors' report.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the District in a trustee capacity. The District has the following Fiduciary Fund:

Agency Fund

This fund was created to act as custodian for various student groups and activity funds.

WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2019

| | Balance June 30, 2018 | Additions | Deletions | Balance June 30, 2019 |
|------------------------------|-----------------------------|-------------------|---------------------|-----------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 419,399 | \$ 806,678 | \$ (766,462) | \$ 459,615 |
| Other receivables | - | 14 | - | 14 |
| Total assets | <u>\$ 419,399</u> | <u>\$ 806,692</u> | <u>\$ (766,462)</u> | <u>\$ 459,629</u> |
| LIABILITIES | | | | |
| Due to student organizations | \$ 419,399 | \$ 806,692 | \$ (766,462) | \$ 459,629 |
| Total liabilities | <u>\$ 419,399</u> | <u>\$ 806,692</u> | <u>\$ (766,462)</u> | <u>\$ 459,629</u> |

See the accompanying independent auditors' report.

EXPENDITURES OF FEDERAL AWARDS

**WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Federal Expenditures |
|--|------------------------------------|---|--|---------------------------------|
| U.S. Department of Agriculture | | | | |
| <i>Child Nutrition Cluster:</i> | | | | |
| Passed Through Colorado Department of Education | | | | |
| School Breakfast Program | 10.553 | 4553 | | \$ 77,779 |
| National School Lunch Program | 10.555 | 4555 | | 255,911 |
| Passed Through Colorado Department of Human Services | | | | |
| National School Lunch Program | 10.555 | 4555 | | <u>50,909</u> |
| <i>Total Child Nutrition Cluster</i> | | | | <u>384,599</u> |
| <i>Forest Service Schools and Roads Cluster:</i> | | | | |
| Passed Through Teller County, Colorado | | | | |
| Schools and Roads - Grants to States | 10.665 | 7665 | | <u>53,945</u> |
| <i>Total Forest Service Schools and Roads Cluster</i> | | | | <u>53,945</u> |
| Total U.S. Department of Agriculture | | | | <u>438,544</u> |
| U.S. Department of Education | | | | |
| Passed Through Colorado Department of Education | | | | |
| No Child Left Behind, Title I, Part A | 84.010 | 4010 | | 281,091 |
| Teacher and Principal Training and Recruiting Fund | 84.367 | 4367 | | 65,495 |
| Student Support and Academic Enrichment Program | 84.424 | 4424 | | 19,069 |
| Passed Through Colorado Community College System | | | | |
| Vocational Education - Basic Grants to States | 84.048 | 4048 | | <u>45,877</u> |
| Total U.S. Department of Education | | | | <u>411,532</u> |
| | | | | <u>\$ 850,076</u> |

See the accompanying independent auditors' report.

**WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Woodland Park School District Number RE-2 under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Woodland Park School District Number RE-2, it is not intended to and does not present the financial position, changes in net position, or cash flows of Woodland Park School District Number RE-2.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified-accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass-through entity identifying numbers are presented where available.

NOTE 3 – INDIRECT COST RATE

Woodland Park School District Number RE-2 has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – NON-CASH ASSISTANCE

During the year end June 30, 2019, Woodland Park School District Number RE-2 received \$50,909 in non-cash assistance in the form of food commodities. Commodities are valued at fair market value at the time of receipt.



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

To the Board of Education
Woodland Park School District Number RE-2

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Woodland Park School District Number RE-2, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Woodland Park School District Number RE-2's basic financial statements, and have issued our report thereon dated November 12, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Woodland Park School District Number RE-2's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Woodland Park School District Number RE-2's internal control. Accordingly, we do not express an opinion on the effectiveness of Woodland Park School District Number RE-2's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woodland Park School District Number RE-2's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Hoelting & Company, Inc.

Colorado Springs, Colorado
November 12, 2019



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

To the Board of Education
Woodland Park School District Number RE-2

Report on Compliance for Each Major Federal Program

We have audited Woodland Park School District Number RE-2's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Woodland Park School District Number RE-2's major federal programs for the year ended June 30, 2019. Woodland Park School District Number RE-2's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Woodland Park School District Number RE-2's compliance.

Opinion on Each Major Federal Program

In our opinion, Woodland Park School District Number RE-2, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Woodland Park School District Number RE-2 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Woodland Park School District Number RE-2's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Woodland Park School District Number RE-2's internal control over compliance.

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

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

Purpose of this Report

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

Hoelting & Company Inc.

Colorado Springs, Colorado
November 12, 2019

**WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

Section I—Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes x no
- Significant deficiency(ies) identified? ___ yes x none reported

Noncompliance material to financial statements noted? ___ yes x no

Federal Awards

Internal control over major programs?

- Material weakness(es) identified? ___ yes x no
- Significant deficiency(ies) identified? ___ yes x none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___ yes x no

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| CFDA 10.553 & 10.555 | Child Nutrition Cluster |

Dollar threshold used to distinguish between type A and type B programs? \$750,000

Auditee qualified as low-risk auditee? ___ yes x no

**WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

Section II—Financial Statement Findings

No findings reported.

Section III—Findings and Questioned Costs for Federal Awards

No findings reported.

**WOODLAND PARK SCHOOL DISTRICT NUMBER RE-2
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

The Summary Schedule of Prior Audit Findings (the Summary) summarizes the status of the audit findings reported in the Woodland Park School District Number RE-2 Schedule of Findings and Questioned Costs for the year ended June 30, 2018. If the prior audit finding was fully addressed, the Summary indicates that the corrective action described in the prior audit report was taken or that corrective action is no longer needed. Otherwise, the Summary references the page number of the June 30, 2019 single audit report where a repeat recommendation, description of the planned corrective action, or reason for not implementing the recommendation is presented.

| <u>Finding Number</u> | <u>CFDA Number</u> | <u>Program/ Cluster Title</u> | <u>Finding</u> | <u>Status of Finding</u> |
|-----------------------|--------------------|-------------------------------|---|--------------------------|
| 2018-001 | N/A | N/A | Lack of controls over accounts payable cut-off procedures | Corrected. |

**COLORADO SCHOOL DISTRICT/BOCES AUDITORS'
DATA INTEGRITY REPORT**



**INDEPENDENT AUDITORS' REPORT ON COLORADO SCHOOL
DISTRICT/BOCES AUDITOR'S INTEGRITY REPORT**

To the Board of Education
Woodland Park School District Number RE-2

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Woodland Park School District Number RE-2, as of and for the year ended June 30, 2019, which collectively comprise Woodland Park School District Number RE-2's basic financial statements, and our report thereon dated November 12, 2019, which expressed an unmodified opinion on those financial statement, appears as listed in the table of contents.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Woodland Park School District Number RE-2's financial statements. The accompanying *Colorado School District/BOCES, Auditor's Integrity Report* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hoelting & Company, Inc.

Colorado Springs, Colorado
November 13, 2019



Colorado Department of Education

Auditors Integrity Report

District: 3020 - Woodland Park Re-2

Fiscal Year 2018-19

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

| Fund Type & Number | Beg Fund Balance & Prior Per Adj (6880*) | 1000 - 5999 Total Revenues & Other Sources | 0001-0999 Total Expenditures & Other Uses | 6700-6799 & Prior Per Adj (6880*) Ending Fund Balance |
|---|--|--|---|---|
| Governmental | + | | - | = |
| 10 General Fund | 9,838,856 | 23,539,642 | 24,256,206 | 9,122,292 |
| 18 Risk Mgmt Sub-Fund of General Fund | 76,211 | 483,664 | 464,566 | 95,309 |
| 19 Colorado Preschool Program Fund | 0 | 0 | 0 | 0 |
| Sub- Total | 9,915,066 | 24,023,307 | 24,720,772 | 9,217,601 |
| 11 Charter School Fund | 0 | 0 | 0 | 0 |
| 20,26-29 Special Revenue Fund | 0 | 0 | 0 | 0 |
| 06 Supplemental Cap Const, Tech, Main. Fund | 0 | 0 | 0 | 0 |
| 21 Food Service Spec Revenue Fund | 163,051 | 772,359 | 822,924 | 112,487 |
| 22 Govt Designated-Purpose Grants Fund | 0 | 1,201,273 | 1,201,273 | 0 |
| 23 Pupil Activity Special Revenue Fund | 0 | 0 | 0 | 0 |
| 24 Full Day Kindergarten Mill Levy Override | 0 | 0 | 0 | 0 |
| 25 Transportation Fund | 5,805 | 294,001 | 287,531 | 12,275 |
| 31 Bond Redemption Fund | 0 | 0 | 0 | 0 |
| 39 Certificate of Participation (COP) Debt Service Fund | 0 | 0 | 0 | 0 |
| 41 Building Fund | 0 | 0 | 0 | 0 |
| 42 Special Building Fund | 0 | 0 | 0 | 0 |
| 43 Capital Reserve Capital Projects Fund | 0 | 0 | 0 | 0 |
| 46 Supplemental Cap Const, Tech, Main Fund | 0 | 0 | 0 | 0 |
| Totals | 10,083,922 | 26,290,939 | 27,032,499 | 9,342,363 |
| Proprietary | | | | |
| 50 Other Enterprise Funds | 0 | 0 | 0 | 0 |
| 64 (63) Risk-Related Activity Fund | 0 | 0 | 0 | 0 |
| 60,65-69 Other Internal Service Funds | 0 | 0 | 0 | 0 |
| Totals | 0 | 0 | 0 | 0 |
| Fiduciary | | | | |
| 70 Other Trust and Agency Funds | 0 | 0 | 0 | 0 |
| 72 Private Purpose Trust Fund | 0 | 0 | 0 | 0 |
| 73 Agency Fund | 0 | 0 | 0 | 0 |
| 74 Pupil Activity Agency Fund | 419,399 | 806,692 | 766,462 | 459,629 |
| 79 GASB 34:Permanent Fund | 0 | 0 | 0 | 0 |
| 85 Foundations | 0 | 0 | 0 | 0 |
| Totals | 419,399 | 806,692 | 766,462 | 459,629 |

FINAL