

**MONTEZUMA COUNTY (DOLORES)
SCHOOL DISTRICT RE-4A**

Accountants' Reports
and
Basic Financial Statements

June 30, 2020

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

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June 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Montezuma County (Dolores) School District RE-4A
Dolores, Colorado 81323

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Montezuma County (Dolores) School District RE-4A, Colorado as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Montezuma County (Dolores) School District RE-4A, Colorado, as of June 30, 2020, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and the Lunch Fund for the year then ended in conformity 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, Schedule of District Pension Contributions, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of District OPEB Contributions, and Schedule of the District's Proportionate Share of the Net OPEB Liability as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a required 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 Montezuma County (Dolores) School District RE-4A, Colorado's basic financial statements. The budgetary comparison schedules and Colorado Department of Education Auditors' Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules and the Colorado Department of Education Auditors' Integrity Report are the responsibility of management and was 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, budgetary comparison schedules, and the Colorado Department of Education Auditors' Integrity Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Majors and Haley, P.C.
September 23, 2020

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended June 30, 2020

FINANCIAL HIGHLIGHTS

Key financial highlights for the District in fiscal year 2020 are as follows:

- In total, net position increased \$2,400,296 from \$(7,636,511), as restated to \$(5,236,215).
- General revenues accounted for \$7,322,148 in revenue or 85 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$1,264,162 or 15 percent of total revenues of \$8,586,310.
- Governmental activities total assets increased by \$626,218 and deferred outflows of resources decreased by \$2,693,454. Total liabilities decreased by \$2,217,629 mainly due to the decrease in the District's share of the PERA net pension and OPEB liabilities. Total deferred inflows of resources decreased by \$2,353,895.
- The District incurred \$6,186,014 in expenses related to government activities. \$1,264,162 of these expenses was offset by program specific charges for services, grants and contributions. General revenues (primarily state equalization and property taxes) of \$7,322,148 were adequate to cover the balance of the cost of these programs.
- Among the major funds, the General Fund had \$8,006,998 in revenues and \$7,596,177 in expenditures including transfers. Its fund balance increased by \$410,821 from \$4,335,446 to \$4,746,267.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as instruction were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the District's budget for the year.

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources if applicable. 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 district-wide statements report the District's net position and how it has changed. Net position (the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources if applicable) is one way to measure the District's financial position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended June 30, 2020

- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school facilities.

In the district-wide financial statements, the District's activities are included in one category:

- **Governmental activities-** All of the District's basic services are included here, such as instruction, transportation, maintenance and operations, and administration. These activities are financed mainly through property taxes and state equalization funds.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by state law. However, the District establishes many other funds to help it manage and control its finances to achieve certain results.

The District uses one type of fund:

- **Governmental funds-** Most of the District's basic services are included in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of 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 operations and the services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended June 30, 2020

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Total assets increased by \$626,218. Net capital assets decreased by \$223,176. Total liabilities decreased by \$2,217,629.

The District's combined net position was larger on June 30, 2020 than it was at June 30, 2019, increasing by \$2,400,296 to \$(5,236,215).

Table 1 provides a summary of the District's net position for 2020 compared to 2019:

Table 1
Condensed Statement of Net Position
(In millions)

	Governmental Activities	
	2020	2019
Assets		
Current assets	\$ 6.809	\$ 6.063
Capital assets	9.712	9.936
Total assets	<u>16.521</u>	<u>15.999</u>
Deferred outflows	<u>1.341</u>	<u>4.034</u>
Liabilities		
Current liabilities	1.399	1.134
Noncurrent liabilities	<u>14.285</u>	<u>16.768</u>
Total liabilities	<u>15.684</u>	<u>17.902</u>
Deferred inflows of resources	<u>7.414</u>	<u>9.768</u>
Net Position		
Net invest capital assets	6.577	6.485
Restricted	0.879	0.863
Unrestricted	(12.692)	(14.985)
Total net position	<u>\$ (5.236)</u>	<u>\$ (7.637)</u>

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

For the Year Ended June 30, 2020

Table 2 shows the changes in net position for fiscal year 2020 as compared to 2019.

Table 2
Changes in Net Position
(In millions)

	Governmental Activities	
	2020	2019
Revenues		
Program revenues		
Charges for services	\$ 0.419	\$ 0.351
Operating grants & contributions	0.845	0.914
Capital grants & contributions	-	0.462
General revenues		
Property taxes	1.904	1.992
State equalization	4.907	4.691
Other	0.511	0.573
Total revenues	8.586	8.983
Expenses		
Instruction	3.168	3.416
Pupil and instructional services	0.383	0.420
Administration and business	0.697	0.770
Maintenance and operations	0.647	0.718
Transportation	0.308	0.331
Food Service	0.270	0.236
Other	0.713	0.685
Total expenses	6.186	6.576
Increase (decrease) in net position	\$ 2.400	\$ 2.407

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

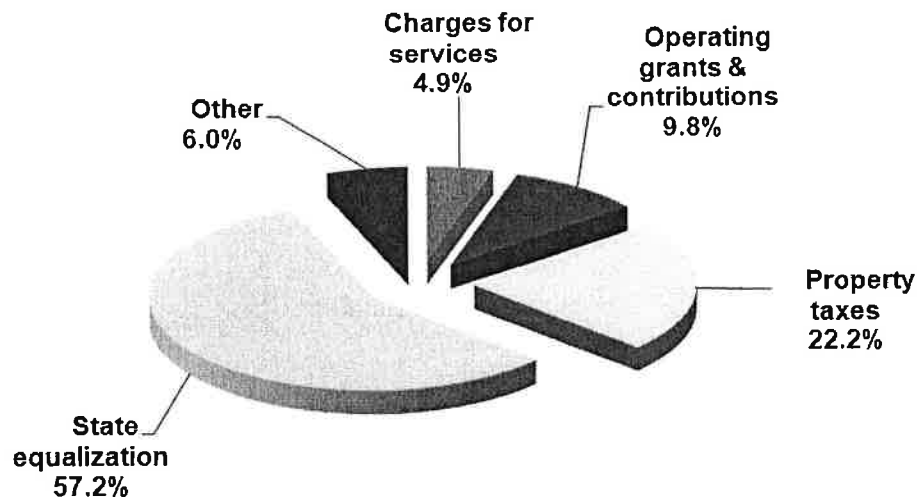
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended June 30, 2020

State equalization and property taxes accounted for most of the District's total revenue, with each contributing 57.2 percent and 22.2 percent respectively (See Table 3). Another 9.8 percent came from local, state and federal grants and the remainder from charges for services and miscellaneous sources.

The District's expenses are predominately related to instruction, (51 percent) (See Table 4). The District's administrative and business activities accounted for 11 percent of total costs.

Table 3
Sources of Revenue for Fiscal Year 2020

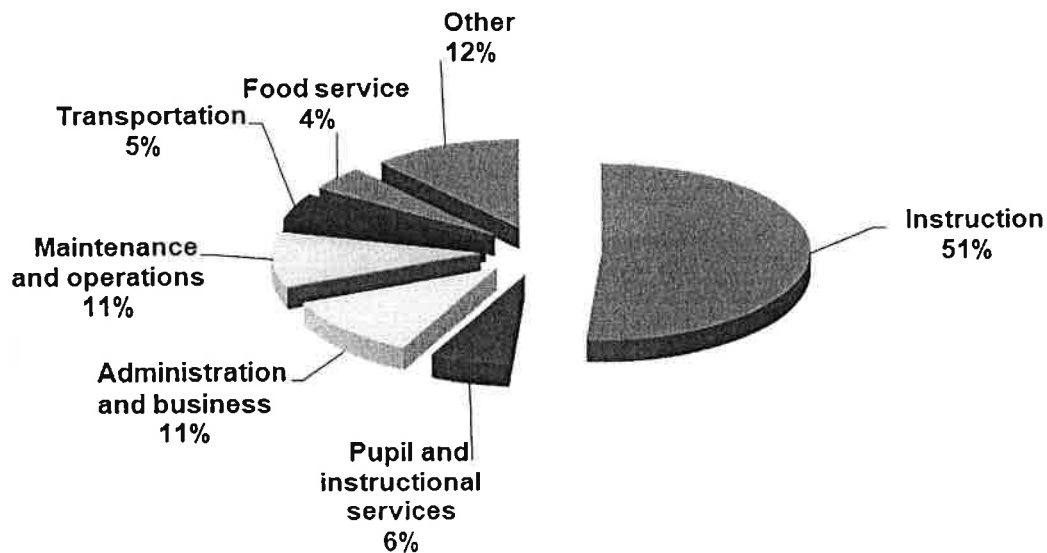


MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended June 30, 2020

Table 4
Expenses for Fiscal Year 2020



Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA the District received \$9,073 per funded student. In fiscal year 2020 the funded pupil count was 690.1. Funding for the SFA comes from property taxes, specific ownership taxes and state equalization. The District receives approximately 73 percent of this funding from state equalization while the remaining amounts come from property and specific ownership taxes.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those service costs. Table 5 shows, for governmental activities, the total cost of services and net cost of services. That is, it identifies the cost of these services supported by unrestricted state equalization and property taxes.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended June 30, 2020

Table 5
Government Activities
(In millions)

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Instruction	\$ 3.168	\$ 3.416	\$ 2.582	\$ 2.790
Pupil and instructional services	0.383	0.420	0.126	0.147
Administration and business	0.697	0.770	0.697	0.770
Maintenance and operations	0.647	0.718	0.606	0.683
Transportation	0.308	0.331	0.254	0.277
Food service	0.270	0.236	0.057	(0.002)
Other	0.713	0.685	0.600	0.184
Total	<u>\$ 6.186</u>	<u>\$ 6.576</u>	<u>\$ 4.922</u>	<u>\$ 4.849</u>

- The cost of all governmental activities during the year was \$6.186 million.
- Some of the cost was financed by the users of the District's programs (\$0.419 million)
- Federal, state and local grants subsidized certain programs with grants and contributions (\$0.845 million).
- However, most of the District's costs (\$7.322 million) were financed by State and District taxpayers. This portion of governmental activities was mainly financed with \$4.907 million in state equalization and \$2.092 million in property and specific ownership taxes.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2020

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Information about the District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues of \$8.647 million and expenditures of \$8.246 million.

General Fund Budgetary Highlights

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

Over the course of the year, the District revised the annual operating budget by increasing appropriations by \$495,234 mainly to reflect revenues that were greater than anticipated at the time of the original budget.

- Actual expenditures were \$4.491 million below budget.

CAPITAL ASSET ADMINISTRATION

By the end of 2020, the District has invested \$15.489 million in land, buildings, and equipment (including vehicles).

Table 6 shows capital assets for 2020 compared to 2019:

Table 6
Capital Assets at June 30 (in millions)

	Governmental Activities	
	2020	2019
Land	\$ 0.110	\$ 0.070
Buildings	13.837	13.788
Equipment	1.542	1.489
Total	<u>\$ 15.489</u>	<u>\$ 15.347</u>

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended June 30, 2020

Additional information on the District's capital assets can be found in Note 4 on page 34 of this report.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District is not aware of any existing circumstances that could significantly affect its financial health in the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, parents, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Montezuma County (Dolores) School District RE-4A, P.O. Box 727 Dolores, Colorado 81323.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Statement of Net Position

June 30, 2020

	Governmental Activities	Total
Assets		
Cash	\$ 752,242	\$ 752,242
Cash with County Treasurer	12,147	12,147
Investments	5,790,836	5,790,836
Grants receivable	84,996	84,996
Taxes receivable	150,480	150,480
Inventory	17,653	17,653
Capital assets	15,488,882	15,488,882
Accumulated depreciation	(5,776,550)	(5,776,550)
Total capital assets, net of depreciation	<u>9,712,332</u>	<u>9,712,332</u>
Total Assets	<u>16,520,686</u>	<u>16,520,686</u>
Deferred Outflows of Resources		
Pension items	1,309,344	1,309,344
OPEB items	31,694	31,694
Total Deferred Outflows of Resources	<u>1,341,038</u>	<u>1,341,038</u>
Liabilities		
Accrued salaries and benefits payable	718,148	718,148
Grants unearned revenue	430,939	430,939
Long-term liabilities		
Due within one year	200,000	200,000
Due in more than one year	2,935,000	2,935,000
Net pension obligation	10,865,187	10,865,187
Net OPEB obligation	534,378	534,378
Total Liabilities	<u>15,683,652</u>	<u>15,683,652</u>
Deferred Inflows of Resources		
Unearned property tax revenues	62,617	62,617
Pension items	7,252,955	7,252,955
OPEB items	98,715	98,715
Total Deferred Inflows of Resources	<u>7,414,287</u>	<u>7,414,287</u>
Net Position		
Net investment in capital assets	6,577,332	6,577,332
Restricted		
TABOR	250,000	250,000
Debt service	496,901	496,901
Student activities	92,108	92,108
Food service	39,418	39,418
Unrestricted	(12,691,974)	(12,691,974)
Total Net Position	<u>\$ (5,236,215)</u>	<u>\$ (5,236,215)</u>

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Statement of Activities

For the Year Ended June 30, 2020

	Expenses	Program Revenues			Net (Expenses) Revenue And Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities						
Instructional Program Services	\$ 3,168,260	\$ 332,320	\$ 254,040		\$ (2,581,900)	\$ (2,581,900)
Support Program Services						
Students	188,693		167,003		(21,690)	(21,690)
Instructional staff	194,520		90,625		(103,895)	(103,895)
General administration	264,284				(264,284)	(264,284)
School administration	344,591				(344,591)	(344,591)
Business	88,366				(88,366)	(88,366)
Operation and maintenance of plant	647,436	13,800	27,567		(606,069)	(606,069)
Student transportation	308,384		54,121		(254,263)	(254,263)
Central	201,482		111,975		(89,507)	(89,507)
Other	68,558				(68,558)	(68,558)
Food service	270,014	72,862	139,849		(57,303)	(57,303)
Enterprise operations	3,397				(3,397)	(3,397)
Community	2,386				(2,386)	(2,386)
Facilities acquisition	51,055				(51,055)	(51,055)
Other	450				(450)	(450)
Interest on long-term debt	100,762				(100,762)	(100,762)
Depreciation excluding amounts directly allocated to programs	283,376				(283,376)	(283,376)
Total Governmental Activities	<u>6,186,014</u>	<u>418,982</u>	<u>845,180</u>	<u>-</u>	<u>(4,921,852)</u>	<u>(4,921,852)</u>
Total School District	<u>\$ 6,186,014</u>	<u>\$ 418,982</u>	<u>\$ 845,180</u>	<u>\$ -</u>	<u>(4,921,852)</u>	<u>(4,921,852)</u>
General Revenues						
Property tax for general purposes					1,610,623	1,610,623
Specific Ownership tax for general purposes					182,339	182,339
Property tax for debt repayment					292,919	292,919
Delinquent taxes and interest					6,249	6,249
Intergovernmental						
State Equalization					4,907,220	4,907,220
Mineral Leasing					41,091	41,091
Forest Service					24,407	24,407
State Direct Distribution Payment					43,592	43,592
Earnings on investments					84,805	84,805
Miscellaneous					128,903	128,903
Total General Revenues					<u>7,322,148</u>	<u>7,322,148</u>
Changes in Net Position					2,400,296	2,400,296
Net Position Beginning of the Year (as restated)					(7,636,511)	(7,636,511)
Net Position End of the Year					<u>\$ (5,236,215)</u>	<u>\$ (5,236,215)</u>

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Balance Sheet
Governmental Funds

June 30, 2020

	General Fund	Lunch Fund	Student Activity Fund	Debt Service Fund	Capital Reserve Capital Projects Fund	Total Governmental Funds
Assets						
Cash	\$ 437,172	\$ 41,046	\$ 92,108		\$ 181,916	\$ 752,242
Cash with County Treasurer	10,278			\$ 1,869		12,147
Investments	5,269,255			481,541	40,040	5,790,836
Grants receivable	84,996					84,996
Taxes receivable	127,375			23,105		150,480
Inventory		17,653				17,653
Total Assets	\$ 5,929,076	\$ 58,699	\$ 92,108	\$506,515	\$ 221,956	\$ 6,808,354
Liabilities						
Accrued salaries and benefits payable	\$ 698,867	\$ 19,281				\$ 718,148
Grants unearned revenue	430,939					430,939
Total Liabilities	1,129,806	19,281	-	-	-	1,149,087
Deferred Inflows of Resources						
Unearned property tax revenue	53,003			\$ 9,614		62,617
Fund Balances						
Nonspendable						
Inventories		17,653				17,653
Restricted						
TABOR	250,000					250,000
Debt service				496,901		496,901
Food service		21,765				21,765
Student activities			\$ 92,108			92,108
Unrestricted						
Assigned for fiscal year 2021 expenditures	4,496,267				\$ 221,956	4,718,223
Total Fund Balances	4,746,267	39,418	92,108	496,901	221,956	5,596,650
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,929,076	\$ 58,699	\$ 92,108	\$506,515	\$ 221,956	\$ 6,808,354

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4AReconciliation of the Governmental Funds Balance Sheet
with the Statement of Net PositionJune 30, 2020**Total Fund Balance Governmental Funds** \$ 5,596,650

Amounts reported for governmental activities in the Statement of Net Position are different because

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital assets	\$ 15,488,882	
Accumulated depreciation	<u>(5,776,550)</u>	9,712,332

Long term liabilities are not due and payable in the current period and therefore, they are not reported in the governmental funds balance sheet

Due within one year	(200,000)	
Due in more than one year	<u>(2,935,000)</u>	(3,135,000)

Some liabilities, including net pension and OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet

Net pension obligation	(10,865,187)	
Net OPEB obligation	<u>(534,378)</u>	(11,399,565)

Deferred outflows and inflows of resources related to pensions and OPEB plans are applicable to future periods and, therefore, are not reported in the governmental funds balance sheet

Deferred outflows of resources related to pensions	1,309,344	
Deferred outflows of resources related to OPEB plans	31,694	
Deferred inflows of resources related to pensions	(7,252,955)	
Deferred inflows of resources related to OPEB plans	<u>(98,715)</u>	(6,010,632)

Total Net Position Governmental Activities \$ (5,236,215)

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended June 30, 2020

	General Fund	Lunch Fund	Student Activity Fund	Debt Service Fund	Capital Reserve Capital Projects Fund	Total Governmental Funds
Revenues						
Taxes	\$ 1,798,070			\$ 294,060		\$ 2,092,130
State sources	5,474,856	\$ 3,803				5,478,659
Federal sources	310,126	136,046				446,172
Earnings on investments	78,107	21	\$ 53	5,939	\$ 685	84,805
Other	345,839	85,609	113,808	75		545,331
Total Revenues	8,006,998	225,479	113,861	300,074	685	8,647,097
Expenditures						
Instructional Program	4,375,419		125,745			4,501,164
Support Programs						
Pupils	258,186					258,186
Instructional staff	253,572					253,572
General administration	338,116					338,116
School administration	516,073					516,073
Business	134,037					134,037
Operation and maintenance of plant	753,469					753,469
Student transportation	309,415				52,879	362,294
Central	210,312				19,119	229,431
Other	68,558					68,558
Food service	32,182	237,400				269,582
Enterprise operations	3,397					3,397
Community	2,386					2,386
Facilities	91,055				49,055	140,110
Other uses				450		450
Debt Service						
Principal				315,000		315,000
Interest				100,762		100,762
Total Expenditures	7,346,177	237,400	125,745	416,212	121,053	8,246,587
Excess revenues over (under) expenditures	660,821	(11,921)	(11,884)	(116,138)	(120,368)	400,510
Other Financing Sources (Uses)						
Transfers in (out)	(250,000)				250,000	-
Total Other Financing Sources (Uses)	(250,000)	-	-	-	250,000	-
Net Change in Fund Balances	410,821	(11,921)	(11,884)	(116,138)	129,632	400,510
Fund Balances beginning of the year	4,335,446	51,339	103,992	613,039	92,324	5,196,140
Fund Balances end of the year	\$ 4,746,267	\$ 39,418	\$ 92,108	\$ 496,901	\$ 221,956	\$ 5,596,650

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2020

Net Change in Fund Balances Governmental Funds	\$	400,510
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital outlay	\$	141,934	
Depreciation expense		<u>(365,110)</u>	(223,176)

Repayment of debt principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position.

General obligation bond payments		315,000
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Governmental funds report district pension and OPEB contributions as expenditures. However, in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions are reported as an expense.

District pension contributions		809,899	
District OPEB contributions		42,468	
Cost of benefits earned net of employee contributions		1,046,160	
Cost of OPEB benefits earned net of employee contributions		<u>(34,157)</u>	1,864,370

Governmental funds report the District's share of State contributions to PERA as revenue and expenditures. However, in the Statement of Activities, the District's proportionate share of the State PERA pension expense included in District pension expense is reported as revenue.

District proportionate share of State contribution revenue		(104,379)	
District proportionate share of State contribution expenditure		104,379	
District proportionate share of State direct distribution payment revenue		<u>43,592</u>	43,592

Change in Net Position of Governmental Activities	\$	<u>2,400,296</u>
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The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
General Fund

For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues from local sources				
Current property taxes	\$ 1,577,599	\$ 1,626,660	\$ 1,610,623	\$ (16,037)
Specific ownership taxes	109,442	116,186	182,339	66,153
Delinquent taxes and interest on taxes	5,000	1,000	5,108	4,108
Earnings on investments	70,000	120,000	78,107	(41,893)
Tuition	200,000	209,243	216,012	6,769
Other	94,550	108,124	129,827	21,703
Total revenues from local sources	<u>2,056,591</u>	<u>2,181,213</u>	<u>2,222,016</u>	<u>40,803</u>
Revenues from state sources				
State Equalization	4,864,762	4,907,227	4,907,220	(7)
Transportation	48,000	52,098	54,121	2,023
ELG Sustainability			25,000	25,000
Vocational Education	10,000	1,381	9,355	7,974
Early Literacy	19,690		4,712	4,712
English Language Proficiency Act	5,700	4,630	4,630	-
State ELPA	8,000	5,346	10,104	4,758
Tax Checkoff CPP		741	741	-
Read Act	12,000	12,784	12,784	-
Library Grant	3,500	4,500	4,500	-
Small Rural Schools	179,227	179,227	179,227	-
Health Care Professional	121,840	121,840	121,840	-
Additional At Risk Students	3,500	3,500	3,907	407
Kindergarten Capital Construction	20,000	23,017	18,414	(4,603)
Services within BOCES	10,600	10,138	11,368	1,230
State Direct PERA Contribution			104,379	104,379
Other		2,140	2,554	414
Total revenues from state sources	<u>5,306,819</u>	<u>5,328,569</u>	<u>5,474,856</u>	<u>146,287</u>
Revenues from federal sources				
Title I	83,045	87,682	77,211	(10,471)
Rural Low Income Schools	10,000	12,449	12,449	-
Title II Part A	10,831	26,590	26,590	-
IDEA D Improvement	12,109	8,000	9,644	1,644
Title IV Part A		28,816	18,816	(10,000)
Title III	1,275			-
ESSER			66,956	66,956
Services within other districts	500	500	5,828	5,328
Forest Service		24,407	24,407	-
Medicaid	24,000	12,000	27,134	15,134
Mineral Leasing	45,000	41,091	41,091	-
Total revenues from federal sources	<u>186,760</u>	<u>241,535</u>	<u>310,126</u>	<u>68,591</u>
Total revenues	<u>7,550,170</u>	<u>7,751,317</u>	<u>8,006,998</u>	<u>255,681</u>

The accompanying notes are an integral part of this statement.

(Continued)

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Schedule of Revenues, Expenditures, and Changes in
Fund Balances- Budget and Actual
General Fund
(Continued)

For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Instruction				
Salaries	\$ 2,891,680	\$ 2,823,620	\$ 2,775,759	\$ 47,861
Employee benefits	1,170,969	1,164,678	1,130,026	34,652
Purchased services				
Professional and technical	31,860	52,800	40,441	12,359
Property	37,450	36,850	39,324	(2,474)
Other	202,330	166,601	137,059	29,542
Supplies	244,922	256,729	214,166	42,563
Property	22,500	42,517	33,074	9,443
Other	6,750	6,750	5,570	1,180
Total instruction	<u>4,608,461</u>	<u>4,550,545</u>	<u>4,375,419</u>	<u>175,126</u>
Pupils				
Salaries	213,324	163,645	144,339	19,306
Employee benefits	82,995	62,785	60,400	2,385
Purchased services				
Professional and technical	7,500	21,500	43,617	(22,117)
Other	3,600	10,120	5,142	4,978
Supplies	6,250	5,250	4,688	562
Total pupils	<u>313,669</u>	<u>263,300</u>	<u>258,186</u>	<u>5,114</u>
Instructional staff				
Salaries	94,786	104,786	127,454	(22,668)
Employee benefits	35,379	37,360	44,080	(6,720)
Purchased services				
Professional and technical	59,300	49,747	55,149	(5,402)
Other	10,125	8,500	7,021	1,479
Supplies	8,600	12,713	9,868	2,845
Property	20,000	20,000	10,000	10,000
Total instructional staff	<u>228,190</u>	<u>233,106</u>	<u>253,572</u>	<u>(20,466)</u>

The accompanying notes are an integral part of this statement.

(Continued)

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual General Fund (Continued)

For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
General administration				
Salaries	\$ 159,178	\$ 160,588	\$ 156,558	\$ 4,030
Employee benefits	50,081	50,272	51,428	(1,156)
Purchased services				
Professional and technical	42,000	36,000	42,063	(6,063)
Property	32,000	32,000	22,738	9,262
Other	27,600	31,350	26,596	4,754
Supplies	45,290	45,290	26,983	18,307
Property	3,000	3,000	2,146	854
Other	8,500	15,000	9,604	5,396
Total general administration	<u>367,649</u>	<u>373,500</u>	<u>338,116</u>	<u>35,384</u>
School administration				
Salaries	371,480	362,122	363,020	(898)
Employee benefits	139,846	128,024	139,376	(11,352)
Purchased services				
Property	1,150	1,150	644	506
Other	11,400	14,600	9,457	5,143
Supplies	3,000	3,750	3,251	499
Other	1,600	1,600	325	1,275
Total school administration	<u>528,476</u>	<u>511,246</u>	<u>516,073</u>	<u>(4,827)</u>
Business services				
Salaries	93,680	94,104	94,104	-
Employee benefits	35,080	35,232	37,021	(1,789)
Purchased services				
Other	6,000	6,000	2,687	3,313
Other	350	350	225	125
Total business services	<u>135,110</u>	<u>135,686</u>	<u>134,037</u>	<u>1,649</u>

The accompanying notes are an integral part of this statement.

(Continued)

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual General Fund (Continued)

For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Operations and maintenance				
Salaries	\$ 207,572	\$ 229,436	\$ 229,126	\$ 310
Employee benefits	89,357	93,900	103,745	(9,845)
Purchased services				
Professional and technical			27,567	(27,567)
Property	82,150	94,158	75,097	19,061
Other	171,000	168,312	159,516	8,796
Supplies	176,685	194,714	138,610	56,104
Property	102,727	97,649	19,808	77,841
Other	100	100		100
Total operations and maintenance	829,591	878,269	753,469	124,800
Student transportation				
Salaries	160,408	169,632	155,613	14,019
Employee benefits	50,500	52,585	51,654	931
Purchased services				
Professional and technical	15,750	15,750	12,474	3,276
Property	700	820	347	473
Other	20,000	22,244	18,190	4,054
Supplies	93,000	93,500	67,717	25,783
Property	2,500	2,500	3,231	(731)
Other	300	300	189	111
Total student transportation	343,158	357,331	309,415	47,916
Central support				
Salaries	56,692	56,692	57,528	(836)
Employee benefits	19,721	19,721	21,317	(1,596)
Purchased services				
Professional and technical		26,590		26,590
Property	4,000	4,000	3,327	673
Other	40,000	40,000	37,790	2,210
Supplies	5,000	61,778	64,130	(2,352)
Property			26,220	(26,220)
Total central support	125,413	208,781	210,312	(1,531)

The accompanying notes are an integral part of this statement.

(Continued)

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Schedule of Revenues, Expenditures, and Changes in
Fund Balances- Budget and Actual
General Fund
(Continued)

For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Other support services				
Purchased services				
Other	\$ 58,000	\$ 68,558	\$ 68,558	\$ -
Food service operations				
Salaries	19,958	19,958	20,541	(583)
Employee benefits	11,694	11,694	11,641	53
Total food service operations	<u>31,652</u>	<u>31,652</u>	<u>32,182</u>	<u>(530)</u>
Enterprise operations				
Purchased services				
Property	750	750	748	2
Supplies	3,000	3,000	2,649	351
Total enterprise operations	<u>3,750</u>	<u>3,750</u>	<u>3,397</u>	<u>353</u>
Community operations				
Purchased services				
Professional and technical	6,000	5,000	1,186	3,814
Property	1,200	1,200	1,200	-
Total community operations	<u>7,200</u>	<u>6,200</u>	<u>2,386</u>	<u>3,814</u>
Facilities				
Property			91,055	(91,055)
Appropriated reserves	<u>3,761,210</u>	<u>4,214,839</u>		<u>4,214,839</u>
Total expenditures	<u>11,341,529</u>	<u>11,836,763</u>	<u>7,346,177</u>	<u>4,490,586</u>
Other financing sources (uses)				
Transfer to Capital Projects Fund	(200,000)	(250,000)	(250,000)	-
Total other financing sources (uses)	<u>(200,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(3,991,359)	(4,335,446)	410,821	4,746,267
Fund balance, beginning	3,991,359	4,335,446	4,335,446	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,746,267</u>	<u>\$ 4,746,267</u>

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual Lunch Fund

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Lunch sales	\$ 87,500	\$ 88,500	\$ 72,862	\$ (15,638)
Earnings on investments	25	25	21	(4)
Other	1,000	1,000	12,747	11,747
Total local sources	88,525	89,525	85,630	(3,895)
State sources				
State Matching Grant	2,300	2,300	1,962	(338)
Smart Start Grant	350	350	515	165
School Lunch Protection Program	950	950	1,326	376
Total state sources	3,600	3,600	3,803	203
Federal sources				
National School Lunch Program	92,000	92,000	95,467	3,467
School Breakfast Program	23,000	23,000	25,694	2,694
Donated commodities	11,000	11,000	14,885	3,885
Total federal sources	126,000	126,000	136,046	10,046
Total revenues	218,125	219,125	225,479	6,354
Expenditures				
Food services				
Salaries	80,680	80,280	80,335	(55)
Employee benefits	46,528	41,045	39,665	1,380
Purchased services				
Professional and technical	2,000	2,000	1,610	390
Other	100	50		50
Food and milk	103,000	107,220	93,032	14,188
Commodities used	11,000	11,000	14,885	(3,885)
Supplies	10,200	9,450	6,302	3,148
Property	2,000	2,000	1,571	429
Other	150	150		150
Appropriated reserves	17,329	17,329		17,329
Total expenditures	272,987	270,524	237,400	33,124
Excess of revenues and other sources over (under) expenditures and other uses	(54,862)	(51,399)	(11,921)	39,478
Fund balance, beginning	54,862	51,399	51,339	(60)
Fund balance, ending	\$ -	\$ -	\$ 39,418	\$ 39,418

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

- 1. Summary of Significant Accounting Policies** – The accounting policies of the Montezuma County School District RE-4A (“District”) conform to U.S. generally accepted accounting principles, as applicable to school districts. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements of Interpretations).

The following significant accounting policies were applied in the preparation of the accompanying financial statements.

Reporting Entity - The Montezuma County School District RE-4A Board of Education (“Board”) is the basic level of government which has financial accountability and control over all activities related to the public school education in the Town of Dolores, Colorado. The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the Board is not included in any other governmental “reporting entity” as defined by the GASB pronouncement, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statements 14, 39 and 61, which are included in the District’s reporting entity.

Fund Accounting – The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and in the means by which spending activities are controlled. The various funds are grouped, into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types”.

Governmental Funds- are used to account for all or most of a government’s general activities, including the collection and disbursement of earmarked funds (special revenue funds). The following are the District’s major governmental funds:

General Fund- is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes, and State of Colorado equalization funding, as determined by the School Finance Act of 1994, as amended.

Expenditures include all costs associated with the daily operation of the schools, except for programs funded by certain capital outlay expenditures, food service expenditures, extracurricular athletic and other pupil activities, and insurance transactions.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Lunch Fund- is used to account for the financial transactions related to the food service operations of the District. The major sources of revenues are food service grants.

Debt Service Fund- is used to account for the accumulation of resources for, and the payment of, long term debt principal, interest and related costs.

Capital Projects Fund- the Capital Projects Fund accounts for the accumulation of resources and expenditure of resources for capital improvements within the District.

Non-major Funds- the following fund is the only non-major fund of the District. It is a special revenue fund.

Student Activity Fund – is used to account for the financial transactions related to the student activities of the District. This fund was reclassified from an Agency Fund in the current year.

Basis of Presentation-

District-wide Financial Statements- The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The district-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with a brief explanation to better identify the relationship between the district-wide financial statements and the statements for governmental funds.

The district-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements- Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting – determines when transactions are recorded in the financial records and reported on the financial statements. District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues- Exchange and Non-exchange Transactions- Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. State equalization monies are recognized as revenues during the period which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within 60 days after year-end, interest, tuition, grants and student fees.

Unearned Revenues- arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

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

Expenses/Expenditures- On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses and changes in fund net position as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgets and Budgetary Accounting – The District is required by Colorado Statutes to adopt annual budgets for all funds. Each budget is prepared on the same basis (GAAP basis) as that used for accounting purposes. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

Prior to June 1, the Superintendent's staff submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1.

The operating budget includes proposed expenditures and the means of financing them.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

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Public hearings are conducted to obtain comments.

Prior to June 30, the budget is legally adopted through passage of a resolution by the Board of Education. However, the Board can review and change the adopted budget through December 31.

Formal budgetary integration is employed as a management control device during the year.

Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Board of Education throughout the year. Following is a summary of the original budget, total revisions and revised budget for those funds with amended budgets in fiscal year 2020.

	<u>Original Budget</u>	<u>Total Revisions</u>	<u>Revised Budget</u>
General Fund	\$ 11,341,529	\$ 495,234	\$ 11,836,763
Lunch Fund	\$ 272,987	\$ (2,463)	\$ 270,524
Capital Projects Fund	\$ 356,081	\$ (12,757)	\$ 343,324
Student Activity Fund	\$ 256,225	\$ 7,812	\$ 264,037

Appropriations are adopted by resolution for each fund in total and lapse at the end of each year. Over-expenditures are not deemed to exist unless the fund as a total has expenditures in excess of appropriations.

Encumbrance Accounting – under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by the District as an extension of formal budgetary integration. Encumbrances outstanding at year-end are cancelled and represent neither a liability nor a reservation of equity.

Inventories- Inventories in the Lunch Fund consists of both expendable supplies held for consumption and the cost of goods held for resale, the cost of which is recorded as an expense as they are used. Inventories are valued at cost using the first-in, first-out concept.

Capital Assets – General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district-wide statement of net position but are not reported in the fund financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

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date donated. The District maintains a capitalization threshold of five thousand dollars. The District does not possess any infrastructure.

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities	Business-Type Activities
	<u>Estimated Lives</u>	<u>Estimated Lives</u>
Buildings and Improvements	20-50 Years	N/A
Furniture and Equipment	5-15 Years	5-15 Years
Vehicles	8 Years	15 Years

Property Tax Revenue Recognition - of the District is recognized when the Montezuma County Treasurer collects it, on behalf of the District. The property tax is levied in December of the year prior to the year the taxes are collected on all taxable property located in the District. Property taxes become an enforceable lien on January 1 of each year, are due on or before June 15 and are delinquent on June 16.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year-end. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided. Property taxes levied on January 1 and not collected by June 30 are reflected as a receivable; deferred revenue is the portion of property taxes included in the receivable but not yet available as explained above.

Accumulated Unpaid Vacations and Sick Pay- Vacations for twelve- month non-professional employees is two weeks per year after the completion of one year on the job and three weeks per year after the completion of five years on the job. Vacations normally must be taken during the summer months unless special arrangements are made with the immediate supervisor. Vacation time may be accrued and carried over for two years at which time any unused vacation time lapses.

Certified employees will receive ten sick days on the first day of employment to accrue annually to a maximum of sixty days. Support staff employees will begin accruing sick leave on the first day of employment at the rate of one day per month of service, to a maximum of sixty days. A sick leave bank is available to all participating employees.

Personal leave shall be granted at the rate of two days per year, non-accumulative. Personal leave must be approved by the superintendent after being recommended by the immediate supervisor of the employee.

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Vacation time, sick leave and personal leave do not vest or accumulate with the employees, that is, the employees have no right to be paid for any of these if not taken in the time indicated, or if they terminate. Under generally accepted accounting principles, there is, therefore, no expense or liability included in the financial statements.

Accrued Liabilities and General Long-Term Obligations- All payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the non-current portion of capital leases, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payment made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Governmental Fund Balances- In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable- Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted- Amounts that can be used only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. This includes the District's TABOR reserve for emergencies.

Committed- Amounts that can be used only for specific purposes determined by a formal action by the Board of Education.

Assigned- Amounts that are designated by the Board of Education for a particular purpose but are not spendable until appropriated. This includes assignments for subsequent year's expenditures and for debt service.

Unassigned- All amounts not included in other spendable classifications.

Use of Restricted Resources- When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

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fund balance and then to other, less-restrictive classifications- committed and then assigned fund balances before using unassigned fund balances.

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

Inter-fund Transactions- Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

2. **Cash and Investments** – Cash and investments consist of the following:

Demand accounts	\$ 418,195
Certificates of deposit	334,047
Colotrust	5,790,836
Total cash and investments	<u><u>\$ 6,543,078</u></u>

Deposits- The Colorado Public Deposit Protection Act (PDPA) governs the District's cash deposits. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets, to be maintained by another institution or held in trust for all of its local government depositors as a group, with a market value of at least 102% of the uninsured deposits. The State Regulatory Commission for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and the reporting of uninsured deposits and assets maintained in the collateral pools.

Colorado statutes define eligible investments for local governments. These include bonds and other interest-bearing obligations of or guaranteed by the United States government or its agencies, bonds which are direct obligations of the State of Colorado or any of its political subdivisions, repurchase agreements, commercial paper, guaranteed investment contracts and local government investment pools.

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At June 30, 2020 the District had investments in one local government investment pool, the Colorado Liquid Asset Trust (COLOTRUST). This investment pool is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. The pool is routinely monitored by the Colorado Division of Securities with regard to its operations and investments, which are also subject to provisions of C.R.S. Title 24, Article 75, and Section 6. The fair value of the investments in the pool is the same as the value of the pool shares. This type of investment is not categorized because it is not evidenced by securities that exist in physical or book form. COLOTRUST is rated AAAm by Standard and Poors.

- 3. Federal, State and Local Administered Grants-** are considered to be earned to the extent of expenditures under the provisions of the grant and, accordingly, when such funds are received they are recorded as deferred revenue until earned. Receivables and deferred revenues are as follows:

<u>General Fund</u>	<u>Receivable</u>	<u>Deferred</u>
Federal Grants		
Title I	\$ 13,540	
ESSER	66,956	
Coronavirus Relief		\$ 420,257
State Grants		
Library Grant	4,500	
Small Rural Schools		10,682
Total	<u>\$ 84,996</u>	<u>\$ 430,939</u>

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4. Capital Assets – Capital asset activity for the fiscal year ended June 30, 2020 follows:

	Capital Assets July 1, 2019	Additions	Deletions Inventory Adjustments/ Transfers	Capital Assets June 30, 2020
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 70,000	\$ 40,000		\$ 110,000
Capital assets, being depreciated:				
Buildings	13,788,060	49,055		13,837,115
Equipment	1,488,888	52,879		1,541,767
Total capital assets being depreciated	<u>15,276,948</u>	<u>141,934</u>	<u>-</u>	<u>15,378,882</u>
Less accumulated depreciation for:				
Buildings	(4,119,013)	(79,448)		(4,198,461)
Equipment	(1,292,427)	(285,662)		(1,578,089)
Total accumulated depreciation	<u>(5,411,440)</u>	<u>(365,110)</u>	<u>-</u>	<u>(5,776,550)</u>
Total capital assets, being depreciated, net	9,865,508	(223,176)	-	9,602,332
Governmental Activities Capital Assets, net	<u>\$ 9,935,508</u>	<u>\$ (223,176)</u>	<u>\$ -</u>	<u>\$ 9,712,332</u>

Depreciation expense was charged as a direct expense to the following governmental programs:

Instruction	\$ 930
Transportation	74,769
Operations and Maintenance	5,603
Food Service	432
Unallocated	283,376
Total depreciation governmental activities	<u>\$ 365,110</u>

5. Defined Benefit Pension Plan –

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

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available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2019. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase for a given year by up to .25 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 formulas shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions provisions as of June 30, 2020. Eligible employees, of the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq* and C.R.S. § 24-51-413. Eligible employees are required to contribute 8.75 percent of their PERA-includable salary during the period of July 1, 2019 through June 30, 2020. The employer contribution requirements are summarized in the table below:

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

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

As specified in C.R.S. § 24-51-413, 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 the Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

Subsequent to the SCHDTF's December 31, 2019 measurement date, HB 20-1379 *Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year*, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020 \$225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$806,890 for the year ended June 30, 2020.

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

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

At June 30, 2020, the District reported a liability of \$10,865,187 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 10,865,187
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The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	1,378,111
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Total	<u>\$ 12,243,298</u>
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At December 31, 2019, the District's proportion was .0727265368 percent, which was a decrease of .0006 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$(1,856,059) and revenue of \$43,592 for support from the State as a nonemployer contributing entity. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 592,159	
Changes in assumptions	310,185	\$ 4,928,346
Net difference between projected and actual earnings on pension plan investments		1,287,089
Changes in proportion and differences between contributions recognized and proportionate share of contributions		1,037,520
Contributions subsequent to the measurement date	407,000	
Total	<u>\$ 1,309,344</u>	<u>\$ 7,252,955</u>

\$407,000 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ (3,506,898)
2022	(2,416,226)
2023	3,671
2024	(431,158)

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following 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	

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plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	1.25 percent compounded annually
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

For 2019, the annual increase as 0.00 percent

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

Post-retirement 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 changed to reflect 90 percent of the RP-2014 Disabled Mortality Table.

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012 through December 31, 2015 as well as, the October 28, 2016 actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016 Board meeting.

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

Several factors were considered in evaluating the long-term rate of return 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 expenses and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term

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expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the current long-term expected rate of return by the PERA Board, the target 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	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income-Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

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

Total covered payroll for the initial projection year consisted 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 years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.

Employee contributions were assumed to be made at the current member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019 and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July

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1, 2019, and effective July 1, 2020. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

As specified in law, the State provides an annual direct distribution of \$225 million, which commenced July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.

Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be available to make all projected 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. There was no change in the discount rate from the prior measurement date.

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

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	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$14,409,564	\$10,865,187	\$7,889,373

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

6. Defined Contribution Pension Plan

Voluntary Investment Program

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

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District has not agreed to match employee contributions. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2020, program members contributed \$21,266 to the Voluntary Investment Program.

7. Other Post-Employment Benefits

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

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

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

PERA Benefit Structure

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

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

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$42,468 for the year ended June 30, 2020.

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

At June 30, 2020 the District reported a liability of \$534,378 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the District proportion was .0475 percent, which was an decrease of .0002 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$(8,312). At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,773	\$ 89,795
Changes in assumptions	4,533	
Net difference between projected and actual earnings on pension plan investments		8,920
Changes in proportion and differences between contributions recognized and proportionate share of contributions	3,967	
Contributions subsequent to the measurement date	21,421	
Total	<u>\$ 31,694</u>	<u>\$ 98,715</u>

\$21,421 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2021	\$ (18,215)
2022	(18,214)
2023	(15,632)
2024	(17,330)
2025	(17,561)
2026	(1,490)

Actuarial assumptions. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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, on including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent for 2019, gradually rising to 4.50 percent in 2029

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

The actuarial assumptions used in the December 31, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015 as well as the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016 Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2019 for the PERA Benefit Structure:

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

The 2019 Medicare Part A premium is \$437 per month.

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

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June 30, 2020

Medicare Plan	Cost for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$562
Kaiser Permanente Medicare Advantage HMO	571

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

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

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, 2018, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

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

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 cost assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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

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

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

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

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

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

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	521,683	534,377	549,046

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	604,221	534,377	474,646

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

8. Accrued Salaries – Certified instructors of the District are contracted for nine months annually between Labor Day and June 1. These instructors, while only working nine months, are paid for their services in twelve equal monthly installments. On June 30 of each year they have completed their entire contract, but have only received 10/12 of the related compensation with the difference to be paid over the summer break. The difference, totaling \$718,148 is reflected as an accrued expense at June 30.

9. General Long Term Debt-

2008 General Obligation Bonds Payable- In November of 1994, the voters of the District approved the issuance of \$3,500,000 of general obligation building bonds. The bonds, dated December 15, were issued on December 21, 1994. The proceeds of the bonds were used in a school construction project. These bonds were fully retired in the year ended June 30, 2005.

In August of 1997 the District issued \$3,100,000 of bonds and \$299,768 of B-coupon interest. The proceeds from this issue were used to defease \$3,100,000 of the 1994 bonds. The advance refunding was undertaken to reduce total payments by \$272,388. The economic gain was \$160,809.

Interest on both series of bonds is due June 1 and December 1 of each year. The interest on the 1994 series is from 5.8% to 6.1% and interest on the 1998 series is 4.5% to 5.1%. Principal payments are due starting with the December 1, 2001 payment. Property taxes collected by the Debt Service Fund will be used to retire this bond issue.

In January of 2008 the District refinanced the bonds through an advance refunding. The refinancing called for the issuance of \$2,600,000 in general obligation refunding bonds. The refunding bonds are payable in semi-annual installments and bear interest ranging from 3.05% to 4.50%. The advance refunding provided a present value economic gain to the District of \$204,678. The repayment of the bonds is recorded in the Debt Service Fund.

The 2008 bonds were fully retired in the current year.

2013 General Obligation Bonds Payable- In November of 2012, the voters of the District approved the issuance of \$3,470,000 of general obligation bonds. The bonds were issued

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

January 9, 2013 for the purpose of providing matching money for the State of Colorado Building Excellent Schools Today (BEST) grant program. The proceeds, along with the grant funds will be used for the construction of District facilities. The bonds are payable in annual installments and bear interest ranging from 2% to 3%. The repayment of the bonds is recorded in the Debt Service Fund.

The annual requirements to amortize the bonds outstanding at June 30, 2020 are as follows:

Date	Principal	Interest	Total
December 1, 2020	\$ 200,000	\$ 94,050	\$ 294,050
December 1, 2021	205,000	88,050	293,050
December 1, 2022	215,000	81,900	296,900
December 1, 2023	220,000	81,900	301,900
December 2, 2024	225,000	68,850	293,850
2025-2029	1,235,000	238,350	1,473,350
2030-2032	835,000	50,550	885,550
Total	<u>\$ 3,135,000</u>	<u>\$ 703,650</u>	<u>\$ 3,838,650</u>

Changes in Long-Term Debt- A summary of changes in general long-term debt follows:

Description	Balance Beginning	Issued	Retired	Balance Ending
General Obligation Bonds:				
2008 Series	\$ 265,000		\$ (265,000)	\$ -
2013 Series	3,185,000		(50,000)	3,135,000
	<u>\$ 3,450,000</u>	<u>\$ -</u>	<u>\$ (315,000)</u>	<u>\$ 3,135,000</u>

10. Inter-fund Operating Transfers – consist of the following:

	Transfer in	Transfer out
General Fund		\$ 250,000
Capital Projects Fund	\$ 250,000	
Total	<u>\$ 250,000</u>	<u>\$ 250,000</u>

The transfer was made for the purpose of subsidizing the Capital Projects Fund.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

- 11. Fund Balance Restrictions and Assignments** – Restricted indicates that a portion of the fund balance can only be spent for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. Assigned indicates amounts that are designated for a specific purpose by the Board of Education but are not spendable until appropriated. The District uses the following restrictions and assignments:

Non-spendable

Inventory- indicates that the portion of fund balance represented by inventories is not available for appropriation and expenditure at the balance sheet date. Non-spendable fund balance related to inventory consists of \$17,653 in the Lunch Fund.

Restricted

TABOR – indicates that a portion of the fund balance has been segregated for expenditures for declared emergencies only. Fund balance restricted for TABOR consists of \$250,000 in the General Fund.

Debt Service- indicates the amount of fund balance that is restricted for the repayment of the District's outstanding general obligation bonds. Fund balance restricted for debt service consists of \$496,901 in the Debt Service Fund.

Food Service-indicates the amount of fund balance that is restricted for food service operations within the District. Fund balance restricted for food service consists of \$21,765 in the Lunch Fund.

Student Activities-indicates that the fund balance in the Student Activity Fund is restricted for student activities within the District. Fund balance restricted for student activities consists of \$92,108 in the Student Activity Fund.

Assigned

Assigned for future expenditures – indicates anticipated fund balance available for appropriation in the next budget year. Fund balance assigned for future expenditures consists of \$4,496,267 in the General Fund and \$221,956 in the Capital Projects Fund.

- 12. 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; injuries to employees; and natural disasters. The District is a member of the Colorado School Districts Self-Insurance Pool (The Pool). The Pool was formed in 1981 to provide 93 member school districts and related educational facilities with defined property and liability coverage through joint self-insurance and excess insurance. The District pays an annual premium for its general insurance coverage. The Pool is self-sustaining through member premiums and obtains excess insurance to limit per occurrence exposure to \$250,000.

The District continues to carry commercial insurance for all other risks of loss including worker's compensation and employee health and accident insurance. There have been no

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

settled claims that have exceeded insurance coverage in any of the past three fiscal years. There have been no significant decreases in insurance coverage from the prior year.

- 13. 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 people of the District voted to authorize the spending of all monies in existing funds and to collect, retain, and expend the full revenue, including state grants and taxes, generated during fiscal year 1998 and for each subsequent year regardless of any limitation contained in Article X, Section 20, of the Colorado Constitution. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with all other requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.
- 14. Commitments and Contingent Liabilities** – There were no commitments or contingent liabilities at June 30.
- 15. Restatement of Fund Balance** – The District previously reported the activity of the Student Activity Fund (Fund 74) as a fiduciary fund. Beginning in FY 2019-2020, such activity has been more appropriately reported in a special revenue fund (Fund 23). Accordingly, the newly established special revenue fund reports a restated beginning balance of \$103,992, which is equal to the restatement of net current assets and current liabilities previously reported in the agency fund. All remaining assets and liabilities, if any, previously reported in the agency fund are not recognized at the fund level under the modified accrual basis of accounting, and have been reclassified as assets and liabilities of the governmental activities as of July 1, 2019.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Required Supplementary Information

June 30, 2020

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

Such information includes:

Pension Schedules

Schedule of District Contributions

Schedule of the District's Proportionate Share of the Net Pension Liability

OPEB Schedules

Schedule of District Contributions

Schedule of the District's Proportionate Share of the Net OPEB Liability

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Schedules of Required Supplementary Information
Schedule of District Pension Contributions

Last 10 Years

	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 548,751	\$ 621,495	\$ 665,237	\$ 682,068	\$ 743,938	\$ 801,280	\$ 806,899
Contributions in relation to the contractually required contribution	548,751	621,495	665,237	682,068	743,938	801,280	806,899
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,432,237	\$ 3,657,057	\$ 3,751,057	\$ 3,751,058	\$ 3,938,181	\$ 4,188,600	\$ 4,163,567
Contributions as a percentage of covered payroll	15.99%	16.99%	17.73%	18.18%	18.89%	19.13%	19.38%

Information is not available for years prior to 2014

Notes to Required Supplementary Information

See Note 5 in the accompanying Notes to the Financial Statements for factors that significantly affect trends in the amounts reported

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Schedules of Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability

Last 10 Years

	2014	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability (asset)	0.0840%	0.0842%	0.0861%	0.0831%	0.0816%	0.0733%	0.0727%
District's share of the net pension liability (asset)	\$ 10,717,480	\$ 11,409,260	\$ 13,164,504	\$ 24,732,798	\$ 26,374,075	\$ 12,984,144	\$ 10,865,187
District's share of State's share of the net pension liability as nonemployer contributing entity						\$ 1,775,401	\$ 1,378,111
Total						<u>\$ 14,759,545</u>	<u>\$ 12,243,298</u>
District's covered payroll	\$ 3,432,237	\$ 3,657,057	\$ 3,751,057	\$ 3,703,786	\$ 3,938,181	\$ 4,188,600	\$ 4,163,567
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	312.26%	311.98%	350.95%	667.77%	669.70%	309.99%	260.96%
Plan fiduciary net position as a percentage of the total pension liability	62.84%	64.07%	59.16%	43.13%	43.96%	57.01%	64.52%

The amounts presented for each fiscal year were determined as of the calendar year that occurred within the fiscal year

Information is not available for years prior to 2014

Notes to Required Supplementary Information

See Note 5 in the accompanying Notes to the Financial Statements for factors that significantly affect trends in the amounts reported

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Schedules of Required Supplementary Information
Schedule of District OPEB Contributions

Last 10 Years

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 37,779	\$ 40,169	\$ 42,724	\$ 42,468
Contributions in relation to the contractually required contribution	37,779	40,169	42,724	42,468
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,703,786	\$ 3,938,181	\$ 4,188,600	\$ 4,163,567
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

Information is not available for years prior to 2017

Notes to Required Supplementary Information

See Note 7 in the accompanying Notes to the Financial Statements for factors that significantly affect trends in the amounts reported

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Schedules of Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Liability

Last 10 Years

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of the net OPEB liability (asset)	0.047%	0.046%	0.048%	0.048%
District's share of the net OPEB liability (asset)	\$ 612,188	\$ 602,275	\$ 648,478	\$ 534,378
District's covered payroll	\$ 3,703,786	\$ 3,938,181	\$ 4,188,600	\$ 4,163,567
District's proportionate share of the OPEB liability as a percentage of its covered payroll	16.53%	15.29%	15.48%	12.83%
Plan fiduciary net position as a percentage of the total OPEB liability	20.07%	21.25%	17.03%	24.49%

The amounts presented for each fiscal year were determined as of the calendar year that occurred within the fiscal year

Information is not available for years prior to 2017

Notes to Required Supplementary Information

See Note 7 in the accompanying Notes to the Financial Statements for factors that significantly affect trends in the amounts reported

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Other Supplementary Information

June 30, 2020

Other supplementary information includes financial statements and schedules not required by the GASB, or a part of the basic financial statements, but are presented for purposes of additional analysis.

These statements and schedules include:

Budgetary Comparison Schedules
Capital Reserve Capital Projects Fund
Debt Service Fund
Student Activity Fund

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
Capital Reserve Capital Projects Fund

For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local sources				
Earnings on investments	\$ 1,000	\$ 1,000	\$ 685	\$ (315)
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>685</u>	<u>(315)</u>
Expenditures				
Operations and plant maintenance				
Property				
Buildings	170,000	157,243		157,243
Student transportation				
Property				
Vehicles		101,000	52,879	48,121
Central support				
Property				
Equipment	146,000	45,000	19,119	25,881
Facilities				
Property				
Buildings			49,055	(49,055)
Appropriated reserves	40,081	40,081		40,081
Total expenditures	<u>356,081</u>	<u>343,324</u>	<u>121,053</u>	<u>222,271</u>
Other financing sources (uses)				
Transfer in (out)	200,000	250,000	250,000	-
Total other financing sources (uses)	<u>200,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(155,081)	(92,324)	129,632	221,956
Fund balance, beginning	155,081	92,324	92,324	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 221,956</u>	<u>\$ 221,956</u>

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual Debt Service Fund

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Current property tax	\$ 410,250	\$ 410,250	\$ 292,919	\$ (117,331)
Earnings on investments	11,500	11,500	5,939	(5,561)
Delinquent tax and interest	50	50	1,141	1,091
Other			75	75
Total local sources	<u>421,800</u>	<u>421,800</u>	<u>300,074</u>	<u>(121,726)</u>
Total revenues	<u>421,800</u>	<u>421,800</u>	<u>300,074</u>	<u>(121,726)</u>
Expenditures				
Supporting services				
Other uses	450	450	450	-
Debt Service				
Principal	315,000	315,000	315,000	-
Interest	94,800	94,800	100,762	(5,962)
Appropriated reserves	629,140	624,589		624,589
Total expenditures	<u>1,039,390</u>	<u>1,034,839</u>	<u>416,212</u>	<u>618,627</u>
Excess revenue over (under) expenditures	(617,590)	(613,039)	(116,138)	496,901
Fund balance, beginning	617,590	613,039	613,039	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 496,901</u>	<u>\$ 496,901</u>

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
Student Activity Fund

For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local sources				
Earnings on investments	\$ 25	\$ 45	\$ 53	\$ 8
Miscellaneous	160,000	160,000	113,808	(46,192)
Total local sources	<u>160,025</u>	<u>160,045</u>	<u>113,861</u>	<u>(46,184)</u>
Total revenues	<u>160,025</u>	<u>160,045</u>	<u>113,861</u>	<u>(46,184)</u>
Expenditures				
Instruction				
Other	178,240	178,240	125,745	52,495
Appropriated reserves	77,985	85,797		85,797
Total expenditures	<u>256,225</u>	<u>264,037</u>	<u>125,745</u>	<u>138,292</u>
Excess of revenues over (under) expenditures	<u>(96,200)</u>	<u>(103,992)</u>	<u>(11,884)</u>	<u>92,108</u>
Fund balance, beginning (as restated)	96,200	103,992	103,992	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,108</u>	<u>\$ 92,108</u>



Colorado Department of
Education

Auditors Integrity Report

District 2055 - Dolores RE-4A
Fiscal Year 2019-20

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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 Ending Fund Balance
Governmental				
10 General Fund	4,335,446	7,756,998	7,346,177	4,746,267
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub-Total	4,335,446	7,756,998	7,346,177	4,746,267
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
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	51,339	225,479	237,400	39,417
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	103,992	113,861	125,745	92,108
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	613,039	300,074	416,213	496,901
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	92,324	250,685	121,053	221,956
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	5,196,141	8,647,096	8,246,587	5,596,650
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34 Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0
FINAL	0	0	0	0

*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your priorperiod adjustment is added into both your ending and beginning fund balances on this report.
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