MONTEZUMA COUNTY (DOLORES)
SCHOOL DISTRICT RE-4A

Accountants' Reports
and
Basic Financial Statements

June 30, 2021

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

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June 30, 2021

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Montezuma County (Dolores) School District RE-4A as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, as of June 30, 2021, 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'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 financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements.

The budgetary comparison schedules, Colorado Department of Education Auditors' Integrity Report and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relates 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules, Colorado Department of Education Auditors' Integrity Report and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 25, 2021, on our consideration of the Montezuma County (Dolores) School District RE-4A's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Montezuma County (Dolores) School District RE-4A's internal control over financial reporting and compliance.

Majors and Haley, P.C.
October 25, 2021

FINANCIAL HIGHLIGHTS

Key financial highlights for the District in fiscal year 2021 are as follows:

- In total, net position increased $3,673,918 from $(5,236,215) to $(1,562,297).

- General revenues accounted for $6,927,545 in revenue or 81 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for $1,646,281 or 19 percent of total revenues of $8,573,826.

- Governmental activities total assets decreased by $130,624 and deferred outflows of resources increased by $943,837. Total liabilities decreased by $119,067. Total deferred inflows of resources decreased by $2,741,638.

- The District incurred $4,899,908 in expenses related to government activities. $1,646,281 of these expenses was offset by program specific charges for services, grants and contributions. General revenues (primarily state equalization and property taxes) of $6,927,545 were adequate to cover the balance of the cost of these programs.

- Among the major funds, the General Fund had $7,975,132 in revenues and $7,387,033 in expenditures including transfers. Its fund balance increased by $588,099 from $4,746,267 to $5,334,366.

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.

- 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.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Total assets decreased by $130,624. Net capital assets decreased by $226,824. Total liabilities decreased by $119,067.

The District's combined net position was larger on June 30, 2021 than it was at June 30, 2020, increasing by $3,673,918 to $(1,562,297).

Table 1 provides a summary of the District's net position for 2021 compared to 2020:

Table 1
Condensed Statement of Net Position
(In millions)

	Governmental Activities	
	2021	2020
Assets		
Current assets	$ 6.905	$ 6.809
Capital assets	9.485	9.712
Total assets	16.390	16.521
Deferred outflows	2.285	1.341
Liabilities		
Current liabilities	0.947	1.399
Noncurrent liabilities	14.617	14.285
Total liabilities	15.564	15.684
Deferred inflows of resources	4.673	7.414
Net Position		
Net invest capital assets	6.551	6.577
Restricted	0.899	0.879
Unrestricted	(9.012)	(12.692)
Total net position	$ (1.562)	$ (5.236)

Table 2 shows the changes in net position for fiscal year 2021 as compared to 2020.

Table 2
Changes in Net Position
(In millions)

	Governmental Activities	
	2021	2020
Revenues		
Program revenues		
Charges for services	$ 0.295	$ 0.419
Operating grants & contributions	1.351	0.845
Capital grants & contributions	-	-
General revenues		
Property taxes	2.020	1.904
State equalization	4.472	4.907
Other	0.436	0.511
Total revenues	8.574	8.586
Expenses		
Instruction	2.253	3.168
Pupil and instructional services	0.319	0.383
Administration and business	0.461	0.697
Maintenance and operations	0.646	0.647
Transportation	0.240	0.308
Food Service	0.170	0.270
Other	0.811	0.713
Total expenses	4.900	6.186
Increase (decrease) in net position	$ 3.674	$ 2.400

State equalization and property taxes accounted for most of the District's total revenue, with each contributing 52.2 percent and 23.6 percent respectively (See Table 3). Another 15.8 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, (46 percent) (See Table 4). The District's administrative and business activities accounted for 9 percent of total costs.

Table 3
Sources of Revenue for Fiscal Year 2021

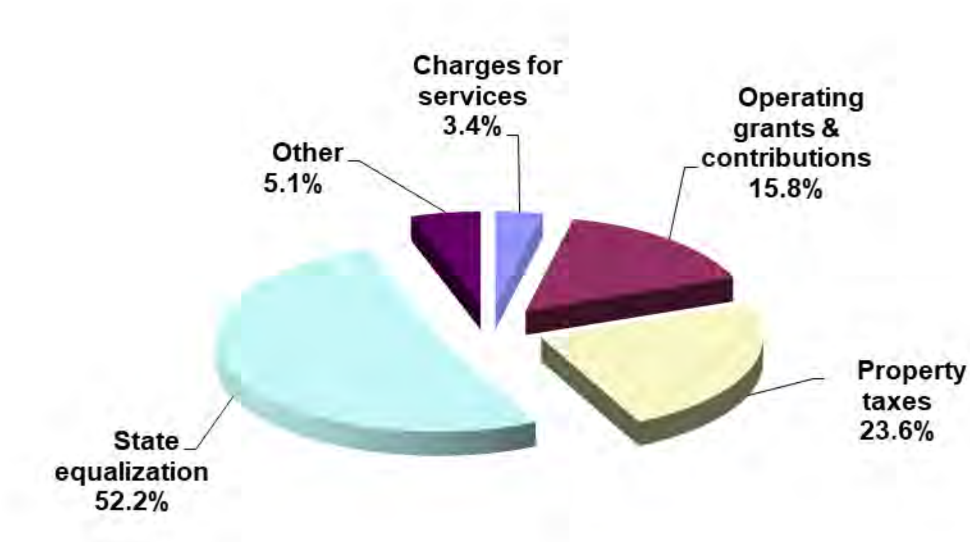
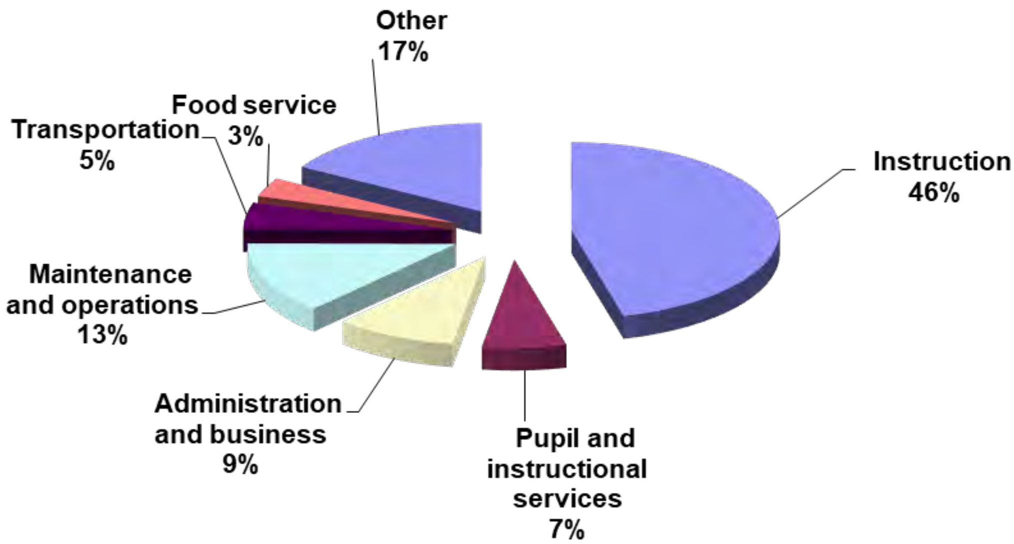


Table 4
Expenses for Fiscal Year 2021



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 $8,812 per funded student. In fiscal year 2021 the funded pupil count was 671.1. Funding for the SFA comes from property taxes, specific ownership taxes and state equalization. The District receives approximately 76 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.

Table 5
Government Activities
(In millions)

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
Instruction	$ 2.253	$ 3.168	$ 1.386	$ 2.582
Pupil and instructional services	0.319	0.383	0.004	0.126
Administration and business	0.461	0.697	0.461	0.697
Maintenance and operations	0.646	0.647	0.536	0.606
Transportation	0.240	0.308	0.169	0.254
Food service	0.170	0.270	(0.067)	0.057
Other	0.811	0.713	0.765	0.600
Total	$ 4.900	$ 6.186	$ 3.254	$ 4.922

- The cost of all governmental activities during the year was $4.900 million.
- Some of the cost was financed by the users of the District's programs ($.295 million)
- Federal, state and local grants subsidized certain programs with grants and contributions ($1.351 million).
- However, most of the District's costs ($6.928 million) were financed by State and District taxpayers. This portion of governmental activities was mainly financed with $4.472 million in state equalization and $2.212 million in property and specific ownership taxes.

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 $8.574 million and expenditures of $8.056 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 $178,431 mainly to reflect revenues that were greater than anticipated at the time of the original budget.

- Actual expenditures were $4.477 million below budget.

CAPITAL ASSET ADMINISTRATION

By the end of 2021, the District has invested $15.629 million in land, buildings, and equipment (including vehicles).

Table 6 shows capital assets for 2021 compared to 2020:

Table 6
Capital Assets at June 30 (in millions)

	Governmental Activities	
	2021	2020
Land	$ 0.110	$ 0.110
Buildings	13.932	13.837
Equipment	1.587	1.542
Total	$ 15.629	$ 15.489

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, 2021

	Governmental Activities	Total
Assets		
Cash	$ 1,054,052	$ 1,054,052
Cash with County Treasurer	4,735	4,735
Investments	5,685,666	5,685,666
Grants receivable	35,779	35,779
Taxes receivable	109,027	109,027
Inventory	15,295	15,295
Capital assets	15,628,792	15,628,792
Accumulated depreciation	(6,143,284)	(6,143,284)
Total capital assets, net of depreciation	9,485,508	9,485,508
Total Assets	16,390,062	16,390,062
Deferred Outflows of Resouces		
Pension items	2,259,329	2,259,329
OPEB items	25,546	25,546
Total Deferred Outflows of Resources	2,284,875	2,284,875
Liabilities		
Accrued salaries and benefits payable	733,220	733,220
Grants unearned revenue	8,602	8,602
Long-term liabilites		
Due within one year	205,000	205,000
Due in more than one year	2,730,000	2,730,000
Net pension obligation	11,470,689	11,470,689
Net OPEB obligation	417,074	417,074
Total Liabilities	15,564,585	15,564,585
Deferred Inflows of Resources		
Unearned property tax revenues	48,237	48,237
Pension items	4,453,087	4,453,087
OPEB items	171,325	171,325
Total Deferred Inflows of Resources	4,672,649	4,672,649
Net Position		
Net investment in capital assets	6,550,508	6,550,508
Restricted		
TABOR	250,000	250,000
Debt service	504,993	504,993
Student activities	99,028	99,028
Food service	44,737	44,737
Unrestricted	(9,011,563)	(9,011,563)
Total Net Position	$ (1,562,297)	$ (1,562,297)

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, 2021

		Program Revenues			Net (Expenses) Revenue And Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities						
Instructional Program Services	$ 2,253,123	$ 250,785	$ 616,704		$ (1,385,634)	$ (1,385,634)
Support Program Services						
Students	166,931		227,395		60,464	60,464
Instructional staff	152,180		87,340		(64,840)	(64,840)
General administration	192,554				(192,554)	(192,554)
School administration	202,229				(202,229)	(202,229)
Business	66,643				(66,643)	(66,643)
Operation and maintenance of plant	646,405	13,800	96,613		(535,992)	(535,992)
Student transportation	240,118		71,187		(168,931)	(168,931)
Central	169,896		44,984		(124,912)	(124,912)
Other	84,439				(84,439)	(84,439)
Food service	170,289	30,683	206,790		67,184	67,184
Enterprise operations	791				(791)	(791)
Community	4,591				(4,591)	(4,591)
Facilities acquisition	171,196				(171,196)	(171,196)
Other	300				(300)	(300)
Interest on long-term debt	91,050				(91,050)	(91,050)
Depreciation excluding amounts directly allocated to programs	287,173				(287,173)	(287,173)
Total Governmental Activities	4,899,908	295,268	1,351,013	-	(3,253,627)	(3,253,627)
Total School District	$ 4,899,908	$ 295,268	$ 1,351,013	$ -	(3,253,627)	(3,253,627)

	Governmental Activities	Total
General Revenues		
Property tax for general purposes	1,721,678	1,721,678
Specific Ownership tax for general purposes	191,894	191,894
Property tax for debt repayment	297,974	297,974
Delinquent taxes and interest	7,710	7,710
Intergovernmental		
State Equalization	4,472,307	4,472,307
Mineral Leasing	36,962	36,962
Forest Service	21,779	21,779
State Direct Distribution Payment		-
Earnings on investments	9,978	9,978
Miscellaneous	167,263	167,263
Total General Revenues	6,927,545	6,927,545
Changes in Net Position	3,673,918	3,673,918
Net Position Beginning of the Year	(5,236,215)	(5,236,215)
Net Position End of the Year	$ (1,562,297)	$ (1,562,297)

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Balance Sheet
Governmental Funds

June 30, 2021

	General Fund	Lunch Fund	Student Activity Fund	Debt Service Fund	Capital Reserve Capital Projects Fund	Total Governmental Funds
Assets						
Cash	$ 814,471	$ 64,577	$ 99,028		$ 75,976	$ 1,054,052
Cash with County Treasurer	4,030			$ 705		4,735
Investments	5,150,237			495,329	40,100	5,685,666
Grants receivable	35,779					35,779
Taxes receivable	94,019			15,008		109,027
Inventory		15,295				15,295
Total Assets	$ 6,098,536	$ 79,872	$ 99,028	$511,042	$ 116,076	$ 6,904,554
Liabilities						
Accrued salaries and benefits payable	$ 713,380	$ 19,840				$ 733,220
Grants unearned revenue	8,602					8,602
Total Liabilities	721,982	19,840	-	-	-	741,822
Deferred Inflows of Resources						
Unearned property tax revenue	42,188			$ 6,049		48,237
Fund Balances						
Nonspendable						
Inventories		15,295				15,295
Restricted						
TABOR	250,000					250,000
Debt service				504,993		504,993
Food service		44,737				44,737
Student activities			$ 99,028			99,028
Unrestricted						
Assigned for fiscal year 2022 expenditures	5,084,366				$ 116,076	5,200,442
Total Fund Balances	5,334,366	60,032	99,028	504,993	116,076	6,114,495
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 6,098,536	$ 79,872	$ 99,028	$511,042	$ 116,076	$ 6,904,554

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Reconciliation of the Governmental Funds Balance Sheet
with the Statement of Net Position

June 30, 2021

Total Fund Balance Governmental Funds		$ 6,114,495
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	$ 15,628,792	
Accumulated depreciation	(6,143,284)	
		9,485,508
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	(205,000)	
Due in more than one year	(2,730,000)	
		(2,935,000)
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	(11,470,689)	
Net OPEB obligation	(417,074)	
		(11,887,763)
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	2,259,329	
Deferred outflows of resources related to OPEB plans	25,546	
Deferred inflows of resources related to pensions	(4,453,087)	
Deferred inflows of resources related to OPEB plans	(171,325)	
		(2,339,537)
Total Net Position Governmental Activities		$ (1,562,297)

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, 2021

	General Fund	Lunch Fund	Student Activity Fund	Debt Service Fund	Capital Reserve Capital Projects Fund	Total Governmental Funds
Revenues						
Taxes	$ 1,920,048			$ 299,208		$ 2,219,256
State sources	5,017,093	$ 2,887				5,019,980
Federal sources	658,178	203,903				862,081
Earnings on investments	9,557	18	$ 51	234	$ 119	9,979
Other	370,256	30,883	61,392			462,531
Total Revenues	7,975,132	237,691	61,443	299,442	119	8,573,827
Expenditures						
Instructional Program	4,285,004		54,523			4,339,527
Support Programs						
Pupils	315,572					315,572
Instructional staff	230,798					230,798
General administration	320,824					320,824
School administration	441,901					441,901
Business	151,945					151,945
Operation and maintenance of plant	822,227					822,227
Student transportation	275,740				45,000	320,740
Central	169,575				44,893	214,468
Other	84,439					84,439
Food service	33,626	217,077				250,703
Enterprise operations	791					791
Community	4,591					4,591
Facilities					266,106	266,106
Other uses				300		300
Debt Service						
Principal				200,000		200,000
Interest				91,050		91,050
Total Expenditures	7,137,033	217,077	54,523	291,350	355,999	8,055,982
Excess revenues over (under) expenditures	838,099	20,614	6,920	8,092	(355,880)	517,845
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	588,099	20,614	6,920	8,092	(105,880)	517,845
Fund Balances beginning of the year	4,746,267	39,418	92,108	496,901	221,956	5,596,650
Fund Balances end of the year	$ 5,334,366	$ 60,032	$ 99,028	$ 504,993	$ 116,076	$ 6,114,495

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, 2021

Net Change in Fund Balances Governmental Funds		$ 517,845
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	$ 139,910	
Depreciation expense	(366,734)	
		(226,824)
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		200,000
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	805,493	
District OPEB contributions	41,322	
Cost of benefits earned net of employee contributions	2,338,861	
Cost of OPEB benefits earned net of employee contributions	(2,779)	
		3,182,897
Change in Net Position of Governmental Activities		$ 3,673,918

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, 2021

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues from local sources				
Current property taxes	$ 1,633,787	$ 1,322,992	$ 1,721,678	$ 398,686
Specific ownership taxes	119,671	117,352	191,894	74,542
Delinquent taxes and interest on taxes			6,476	6,476
Earnings on investments	75,000	22,179	9,557	(12,622)
Tuition	195,000	127,375	185,781	58,406
Other	80,148	100,760	184,475	83,715
Total revenues from local sources	2,103,606	1,690,658	2,299,861	609,203
Revenues from state sources				
State Equalization	4,437,954	4,372,921	4,472,307	99,386
Transportation	40,000	53,983	56,915	2,932
Vocational Education	7,500	5,000	8,369	3,369
English Language Proficiency Act	4,600	4,801	4,802	1
State ELPA	5,300	5,378	5,378	-
Read Act	12,750	12,819	12,819	-
Library Grant		3,500	3,500	-
Small Rural Schools		10,682	234,406	223,724
Health Care Professional	190,775	181,710	181,710	-
Additional At Risk Students			4,668	4,668
Services within BOCES	5,000	11,048	12,309	1,261
Other			19,910	19,910
Total revenues from state sources	4,703,879	4,661,842	5,017,093	355,251
Revenues from federal sources				
Title I	78,907	78,908	80,267	1,359
Coronavirus Relief Fund		420,257	420,257	-
CRF Additional at Risk		19,677	19,677	-
Title II Part A	15,060	15,060	3,945	(11,115)
IDEA D Improvement		35,838	33,280	(2,558)
Title IV Part A	10,000	10,000	994	(9,006)
Title III	1,380			-
ESSER	66,956	66,956		(66,956)
Services within other districts		41,000		(41,000)
Forest Service	29,730	29,654	21,779	(7,875)
Medicaid	16,902	20,233	41,017	20,784
Mineral Leasing	27,394	27,394	36,962	9,568
Total revenues from federal sources	246,329	764,977	658,178	(106,799)
Total revenues	7,053,814	7,117,477	7,975,132	857,655

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, 2021

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Instruction				
Salaries	$ 2,857,935	$ 2,899,411	$ 2,774,721	$ 124,690
Employee benefits	1,184,692	1,176,151	1,068,175	107,976
Purchased services				
Professional and technical	17,500	18,000	7,174	10,826
Property	36,850	36,850	39,208	(2,358)
Other	125,846	136,489	136,933	(444)
Supplies	186,894	245,005	231,759	13,246
Property	34,250	35,500	23,369	12,131
Other	5,500	5,500	3,665	1,835
Total instruction	4,449,467	4,552,906	4,285,004	267,902
Pupils				
Salaries	216,857	192,776	200,114	(7,338)
Employee benefits	83,689	71,445	70,294	1,151
Purchased services				
Professional and technical	39,320	33,320	37,863	(4,543)
Other	18,309	10,309	5,284	5,025
Supplies	4,500	4,000	2,017	1,983
Total pupils	362,675	311,850	315,572	(3,722)
Instructional staff				
Salaries	107,943	106,358	102,090	4,268
Employee benefits	38,213	44,574	38,485	6,089
Purchased services				
Professional and technical	20,000	40,818	38,989	1,829
Other			27,065	(27,065)
Supplies	30,800	26,321	22,669	3,652
Property	1,500	1,500	1,500	-
Total instructional staff	198,456	219,571	230,798	(11,227)

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, 2021

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
General administration				
Salaries	$ 147,010	$ 148,508	$ 174,789	$ (26,281)
Employee benefits	47,445	47,801	50,864	(3,063)
Purchased services				
Professional and technical	39,000	39,000	30,308	8,692
Property	20,000	20,000	12,615	7,385
Other	17,200	19,200	14,145	5,055
Supplies	35,000	167,468	27,775	139,693
Property	2,500	2,500	1,289	1,211
Other	7,500	10,000	9,039	961
Total general administration	315,655	454,477	320,824	133,653
School administration				
Salaries	262,170	313,695	313,750	(55)
Employee benefits	100,889	122,946	114,943	8,003
Purchased services				
Property	900	900	216	684
Other	11,100	15,100	6,779	8,321
Supplies	4,000	6,750	6,213	537
Total school administration	379,059	459,391	441,901	17,490
Business services				
Salaries	107,654	109,604	111,274	(1,670)
Employee benefits	38,148	38,597	38,580	17
Purchased services				
Other	3,500	3,500	2,091	1,409
Total business services	149,302	151,701	151,945	(244)

The accompanying notes are an integral part of this statement.

(Continued)

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

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Operations and maintenance				
Salaries	$ 227,743	$ 240,687	$ 236,113	$ 4,574
Employee benefits	102,013	103,176	99,933	3,243
Purchased services				
Professional and technical			76,270	(76,270)
Property	83,650	83,650	68,310	15,340
Other	172,622	181,222	161,238	19,984
Supplies	193,730	164,000	169,160	(5,160)
Property	15,000	15,000	11,203	3,797
Total operations and maintenance	794,758	787,735	822,227	(34,492)
Student transportation				
Salaries	131,969	140,622	143,108	(2,486)
Employee benefits	37,196	39,128	39,100	28
Purchased services				
Professional and technical	10,850	16,000	10,493	5,507
Property	500	500	332	168
Other	20,507	20,507	19,883	624
Supplies	98,500	98,500	43,888	54,612
Property	2,500	4,000	18,936	(14,936)
Total student transportation	302,022	319,257	275,740	43,517
Central support				
Salaries	57,942	58,592	58,963	(371)
Employee benefits	19,994	20,140	20,130	10
Purchased services				
Professional and technical	15,080	15,080	3,945	11,135
Property	3,000	3,000	3,000	-
Other	32,000	32,000	40,024	(8,024)
Supplies	5,000	5,000	14,909	(9,909)
Property			28,604	(28,604)
Total central support	133,016	133,812	169,575	(35,763)

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, 2021

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Other support services				
Purchased services				
Other	$ 78,043	$ 78,043	$ 84,439	$ (6,396)
Food service operations				
Salaries	20,604	21,254	21,784	(530)
Employee benefits	11,649	11,796	11,842	(46)
Total food service operations	32,253	33,050	33,626	(576)
Enterprise operations				
Purchases services				
Property	1,950	750	791	(41)
Total enterprise operations	1,950	750	791	(41)
Community operations				
Purchased services				
Professional and technical	3,000	4,000	3,391	609
Property		1,200	1,200	-
Total community operations	3,000	5,200	4,591	609
Appropriated reserves	4,235,657	4,106,001		4,106,001
Total expenditures	11,435,313	11,613,744	7,137,033	4,476,711
Other financing sources (uses)				
Transfer to Capital Projects Fund	(250,000)	(250,000)	(250,000)	-
Total other financing sources (uses)	(250,000)	(250,000)	(250,000)	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(4,631,499)	(4,746,267)	588,099	5,334,366
Fund balance, beginning	4,631,499	4,746,267	4,746,267	-
Fund balance, ending	$ -	$ -	$ 5,334,366	$ 5,334,366

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, 2021

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Local sources				
Lunch sales	$ 79,000	$ 31,100	$ 30,683	$ (417)
Earnings on investments	20	20	18	(2)
Other	1,000	485	200	(285)
Total local sources	80,020	31,605	30,901	(704)
State soucres				
State Matching Grant	1,900	1,978	1,979	1
Smart Start Grant	3,000			-
School Lunch Protection Program	1,000			-
Other			908	908
Total state sources	5,900	1,978	2,887	909
Federal sources				
National School Lunch Program	87,000	165,000	30,442	(134,558)
Summer Food Program			162,908	162,908
School Breakfast Program	20,000			-
Donated commodities	11,000	11,000	10,553	(447)
Total federal sources	118,000	176,000	203,903	27,903
Total revenues	203,920	209,583	237,691	28,108
Expenditures				
Food services				
Salaries	81,000	89,105	85,087	4,018
Employee benefits	39,462	40,927	39,802	1,125
Purchased services				
Professional and technical	1,500	1,500		1,500
Food and milk	93,000	86,000	72,178	13,822
Commodities used	10,000	10,000	10,553	(553)
Supplies	8,000	10,500	9,457	1,043
Property	1,500	1,500		1,500
Appropriated reserves	6,328	9,468		9,468
Total expenditures	240,790	249,000	217,077	31,923
Excess of revenues and other sources over (under) expenditures and other uses	(36,870)	(39,417)	20,614	60,031
Fund balance, beginning	36,870	39,417	39,418	1
Fund balance, ending	$ -	$ -	$ 60,032	$ 60,032

The accompanying notes are an integral part of this statement.

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.

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.

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.

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.

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, 2021.

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.

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 2021.

	Original Budget	Total Revisions	Revised Budget
General Fund	$ 11,435,313	$ 178,431	$ 11,613,744
Lunch Fund	$ 240,790	$ 8,210	$ 249,000
Capital Projects Fund	$ 447,213	$ 24,943	$ 472,156
Debt Service Fund	$ 804,315	$ (5,364)	$ 798,951
Student Activity Fund	$ 249,113	$ (475)	$ 248,638

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 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 Estimated Lives	Business-Type Activities Estimated Lives
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.

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 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	$ 718,054
Certificates of deposit	335,998
Colotrust	5,685,666
Total cash and investments	$ 6,739,718

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.

At June 30, 2021 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:

General Fund	Receivable	Deferred
Federal Grants		
IDEA D Improvement	$ 8,657	
Title II Part A	3,945	
Title IV Part A		$ 8,602
State Grants		
State Equalization	19,677	
Library Grant	3,500	
Total	$ 35,779	$ 8,602

4. Capital Assets – Capital asset activity for the fiscal year ended June 30, 2021 follows:

	Capital Assets July 1, 2020	Additions	Deletions Inventory Adjustments/ Transfers	Capital Assets June 30, 2021
Governmental Activities				
Capital assets, not being depreciated:				
Land	$ 110,000			$ 110,000
Capital assets, being depreciated:				
Buildings	13,837,115	$ 94,910		13,932,025
Equipment	1,541,767	45,000		1,586,767
Total capital assets being depreciated	15,378,882	139,910	-	15,518,792
Less accumulated depreciation for:				
Buildings	(4,602,746)	(289,459)		(4,892,205)
Equipment	(1,173,804)	(77,275)		(1,251,079)
Total accumulated depreciation	(5,776,550)	(366,734)	-	(6,143,284)
Total capital assets, being depreciated, net	9,602,332	(226,824)	-	9,375,508
Govermental Activities Capital Assets, net	$ 9,712,332	$ (226,824)	$ -	$ 9,485,508

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

Instruction	$ 930
Transportation	72,596
Operations and Maintenance	5,603
Food Service	432
Unallocated	287,173
Total depreciation governmental activities	$ 366,734

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

Benefits provided as of December 31, 2020. 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, 2020, 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, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lessor 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 by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contributions provisions as of June 30, 2021. 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 10 percent of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. The employer contribution requirements are summarized in the table below:

	July 1, 2020 Through June 30, 2021
Employer Contribution Rate	10.90%
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	9.88%
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	**19.88%**

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 (actual dollars) 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. House Bill (HB) 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

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 $805,493 for the year ended June 30, 2021.

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The District's proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of the participating employers and the State as a nonemployer contributing entity.

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. §24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation.

At June 30, 2021, the District reported a liability of $11,470,689 for its proportionate share of the net pension liability. 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	$ 11,470,689
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	-
Total	$ 11,470,689

At December 31, 2020, the District's proportion was .0758744639 percent, which was an increase of .00315 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense of $(3,144,354) and no revenue for support from the State as a nonemployer contributing entity. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 630,257	
Changes in assumptions	1,103,445	$ 1,928,126
Net difference between projected and actual earnings on pension plan investments		2,524,961
Changes in proportion and differences between contributions recognized and proportionate share of contributions	110,036	
Contributions subsequent to the measurement date	415,591	
Total	$ 2,259,329	$ 4,453,087

$415,591 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, 2022. 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:	
2022	$ (2,150,466)
2023	358,512
2024	(426,381)
2025	(391,014)

Actuarial assumptions. The total pension liability in the December 31, 2019 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 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 (compounded annually)	1.25 percent
PERA Benefit Structure hired after 12/31/06[1]	Financed by the AIR

1 Post -retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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, 2019, 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.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020 and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.40%-11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded	1.25%
PERA benefit structure hired after 12/31/06[1]	Financed by the AIR

[1] Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- **Females:** 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.

- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a benefit-weighted basis.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives[1]	6.00%	4.70%
Total	100.00%	

[1] The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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 3.00 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. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 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, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020, for the State’s 2020-21 fiscal year.

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 FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve of the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

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

Based on the above assumptions and methods, the projection test indicates the SCHDTF's FNP 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:

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$15,646,959	$11,470,689	$7,990,479

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, 2021, program members contributed $22,748 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 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.

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 $41,322 for the year ended June 30, 2021.

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

At June 30, 2021 the District reported a liability of $417,074 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The District’s proportion of the net OPEB liability was based on the District’s contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the District proportion was .0439 percent, which was an decrease of .00365 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of $(38,544). At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,107	$ 117,268
Changes in assumptions	3,116	
Net difference between projected and actual earnings on pension plan investments		17,042
Changes in proportion and differences between contributions recognized and proportionate share of contributions		37,015
Contributions subsequent to the measurement date	21,323	
Total	$ 25,546	$ 171,325

$21,323 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, 2022. 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:	
2022	$ (37,555)
2023	(35,170)
2024	(36,608)
2025	(37,021)
2026	(18,928)
2027	(1,820)

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

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

Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, 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	8.10 percent in 2020, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent for 2020, gradually rising to 4.50 percent in 2029

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, in the December 31, 2019 valuation,, the following monthly costs/premiums are assumed for 2020 for the PERA Benefit Structure:

	Initial Costs for Members without Medicare Part A		
Medicare Plan	**Monthly Cost**	**Monthly Premium**	**Monthly Cost Adjusted**
Medicare Advantage/Self-	$588	$227	$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

The 2020 Medicare Part A premium is $458 (actual dollars) per month.

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
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
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 used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

Post-retirement 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.

Mortality assumptions for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%[1]	N/A

[1] C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- **Females:** 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.

- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation 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 2020 plan year.

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

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.

- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.

- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives[1]	6.00%	4.70%
Total	100.00%	

[1] The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
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	272,966	280,209	288,640

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, 2020, 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 3.00 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.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	477,766	417,074	365,218

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 $733,220 is reflected as an accrued expense at June 30.

9. General Long Term Debt-

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 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, 2021 are as follows:

Date	Principal	Interest	Total
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 1, 2024	225,000	68,850	293,850
December 1, 2025	235,000	62,100	297,100
2026-2030	1,270,000	201,300	1,471,300
2031-2032	565,000	25,500	590,500
Total	$ 2,935,000	$ 609,600	$ 3,544,600

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:				
2013 Series	$ 3,135,000		$ (200,000)	$ 2,935,000
	$ 3,135,000	$ -	$ (200,000)	$ 2,935,000

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

	Transfer in	Transfer out
General Fund		$ 250,000
Capital Projects Fund	$ 250,000	
Total	$ 250,000	$ 250,000

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

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 $15,295 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 $504,993 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 $44,737 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 $99,028 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 $5,084,366 in the General Fund and $116,076 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 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.

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	2021
Contractually required contribution	$ 548,751	$ 621,495	$ 665,237	$ 682,068	$ 743,938	$ 801,280	$ 806,899	$ 805,493
Contributions in relation to the contractually required contribution	548,751	621,495	665,237	682,068	743,938	801,280	806,899	805,493
Contibution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
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	$ 4,051,142
Contributions as a percentage of covered payroll	15.99%	16.99%	17.73%	18.18%	18.89%	19.13%	19.38%	19.88%

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	2021
District's proportion of the net pension liability (asset)	0.0840%	0.0842%	0.0861%	0.0831%	0.0816%	0.0733%	0.0727%	0.0759%
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	$ 11,470,689
District's share of State's share of the net pension liability as nonemployer contributing entity						$ 1,775,401	$ 1,378,111	$ -
Total						$ 14,759,545	$ 12,243,298	$ 11,470,689
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	$ 4,051,142
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%	283.15%
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%	66.99%

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

	2017	2018	2019	2020	2021
Contractually required contribution	$ 37,779	$ 40,169	$ 42,724	$ 42,468	$ 41,322
Contributions in relation to the contractually required contribution	37,779	40,169	42,724	42,468	41,322
Contibution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 3,703,786	$ 3,938,181	$ 4,188,600	$ 4,163,567	$ 4,051,142
Contributions as a percentage of covered payroll	1.02%	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

	2017	2018	2019	2020	2021
District's proportion of the net OPEB liability (asset)	0.047%	0.046%	0.048%	0.048%	0.044%
District's share of the net OPEB liability (asset)	$ 612,188	$ 602,275	$ 648,478	$ 534,378	$ 417,074
District's covered payroll	$ 3,703,786	$ 3,938,181	$ 4,188,600	$ 4,163,567	$ 4,051,142
District's proportionate share of the OPEB liability as a percentage of its covered payroll	16.53%	15.29%	15.48%	12.83%	10.30%
Plan fiduciary net position as a percentage of the total OPEB liability	20.07%	21.25%	17.03%	24.49%	32.78%

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

June 30, 2021

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, 2021

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance Favorable (Unfavorable)
Revenues				
Local sources				
Earnings on investments	$ 1,000	$ 200	$ 119	$ (81)
Total revenues	1,000	200	119	(81)
Expenditures				
Operations and plant maintenance				
Property	185,000	386,156		386,156
Student transportation				
Property	101,000		45,000	(45,000)
Central support				
Property	45,000	45,000	44,893	107
Facilities				
Purchased services				
Professional and technical	75,000			
Property			266,106	(266,106)
Appropriated reserves	41,213	41,000		41,000
Total expenditures	447,213	472,156	355,999	116,157
Other financing sources (uses)				
Transfer in (out)	250,000	250,000	250,000	-
Total other financing sources (uses)	250,000	250,000	250,000	-
Excess of revenues and other sources over (under) expenditures and other uses	(196,213)	(221,956)	(105,880)	116,076
Fund balance, beginning	196,213	221,956	221,956	-
Fund balance, ending	$ -	$ -	$ 116,076	$ 116,076

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, 2021

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Local sources				
Current property tax	$ 299,000	$ 299,000	$ 297,974	$ (1,026)
Earnings on investments	7,000	3,000	234	(2,766)
Delinquent tax and interest	50	50	1,234	1,184
Total local sources	306,050	302,050	299,442	(2,608)
Total revenues	306,050	302,050	299,442	(2,608)
Expenditures				
Supporting services				
Other uses	450	500	300	200
Debt Service				
Principal	200,000	200,000	200,000	-
Interest	94,050	94,050	91,050	3,000
Appropriated reserves	509,815	504,401		504,401
Total expenditures	804,315	798,951	291,350	507,601
Excess revenue over (under) expenditures	(498,265)	(496,901)	8,092	504,993
Fund balance, beginning	498,265	496,901	496,901	-
Fund balance, ending	$ -	$ -	$ 504,993	$ 504,993

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, 2021

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Local sources				
Earnings on investments	$ 50	$ 30	$ 51	$ 21
Miscellaneous	156,500	156,500	61,392	(95,108)
Total local sources	156,550	156,530	61,443	(95,087)
Total revenues	156,550	156,530	61,443	(95,087)
Expenditures				
Instruction				
Other	165,416	164,941	54,523	110,418
Appropriated reserves	83,697	83,697		83,697
Total expenditures	249,113	248,638	54,523	194,115
Excess of revenues over (under) expenditures	(92,563)	(92,108)	6,920	99,028
Fund balance, beginning (as restated)	92,563	92,108	92,108	-
Fund balance, ending	$ -	$ -	$ 99,028	$ 99,028

INFORMATION REQUIRED BY OVERSIGHT AUTHORITIES

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

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Montezuma County (Dolores) School District RE-4A as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Montezuma County (Dolores) School District RE-4A's basic financial statements and have issued our report thereon dated October 25, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Montezuma County (Dolores) School District RE-4A's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Montezuma County (Dolores) School District RE-4A's internal control. Accordingly, we do not express an opinion on the effectiveness of the Montezuma County (Dolores) School District RE-4A's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Montezuma County (Dolores) School District RE-4A's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Majors and Haley, P.C.

Majors and Haley, P.C.
October 25, 2021

Majors and Haley, P.C.
Certified Public Accountants

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Lori Hasty Haley, CPA

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

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

Report on Compliance for Each Major Federal Program

We have audited the Montezuma County (Dolores) School District RE-4A's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Montezuma County (Dolores) School District RE-4A's major federal programs for the year ended June 30, 2021. The Montezuma County (Dolores) School District RE-4A's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Montezuma County (Dolores) School District RE-4A's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, an Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Montezuma County (Dolores) School District RE-4A's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Montezuma County (Dolores) School District RE-4A's compliance.

Opinion on Each Major Federal Program

In our opinion, the Montezuma County (Dolores) School District RE-4A complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Montezuma County (Dolores) School District RE-4A is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Montezuma County (Dolores) School District RE-4A's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Montezuma County (Dolores) School District RE-4A's internal control over compliance.

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

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

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

Majors and Haley, P.C.
October 25, 2021

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Program or Cluster Title	***Federal CFDA Number***	***Pass-through Grantor and Number***	***Federal Expenditures($)***
Child Nutrition Cluster-Cluster			
United States Department of Agriculture			
National School Lunch Program			
National School Lunch Program	10.555	Colorado Department of Education,4555	$ 30,442
National School Lunch Program	10.555	Colorado Department of Human Services	10,553
Total National School Lunch Program			40,995
Summer Food Service Program for Children	10.559	Colorado Department of Education,4559	162,908
Total United States Department of Agriculture			203,903
Total Child Nutrition Cluster-Cluster			203,903
Other Programs			
Department of Education			
Title I Grants to Local Educational Agencies	84.010	Colorado Department of Education,4010	80,267
Special Education - State Personnel Development	84.323	Colorado Department of Education,5323	33,280
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	Colorado Department of Education,4367	3,945
Student Support and Academic Enrichment Program	84.424	Colorado Department of Education,4424	994
Total Department of Education			118,486
Department of the Treasury			
Coronavirus Relief Fund	21.019	Colorado Department of Education,4012	420,257
Coronavirus Relief Fund	21.019	Colorado Department of Education,5012	19,677
Total Coronavirus Relief Fund			439,934
Total Department of the Treasury			439,934
Total Other Programs			558,420
Total Expenditures of Federal Awards			$ 762,323

The accompanying notes are an integral part of this schedule

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Organization

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of Montezuma County (Dolores) School District RE-4A for the year ended June 20, 2021. All federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies, are included on the schedule.

Basis Of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Indirect Costs

The District has not elected to use the 10% *de minimis* indirect cost rate as allowed in the Uniform Guidance, Section 414.

Food Distribution

Non-monetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed.

Sub-recipients

Montezuma County (Dolores) School District RE-4A had no sub-recipients of federal funds for the year ended June 30, 2021.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Section 1- Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified Opinion	
Internal control over financial reporting:		
Material weakness(es) identified?	____ yes	X no
Significant deficiency(ies) identified not considered to be material weaknesses?	____ yes	X no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____ yes	X no
Significant deficiency(ies) identified not considered to be material weaknesses?	____ yes	X no
Type of auditors' report issued on compliance for major programs:	Unmodified Opinion	
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance	____ yes	X no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund

Dollar threshold to distringuish between Type A and Type B programs:	$750,000	
Auditee qualified as low-risk auditee (single audit not required in prior years)	____ yes	X no

Section 2- Findings under Generally Accepted Government Auditing Standards

There were no findings required to be reported under Generally Accepted Government Auditing Standards

Section 3- Findings and Questioned Costs Under Uniform Guidance

There were no findings or questioned cost for federal awards as defined in the Uniform Guidance.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2021

There were no prior year findings or questioned costs noted that were reportable under the Uniform Guidance criteria.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

SCHEDULE OF CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2021

There were no audit findings to be included in the current audit report; therefore, a corrective action plan is not necessary.

Colorado Department of Education

Auditors Integrity Report

District: 2055 - Dolores RE-4A
Fiscal Year 2020-21
Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type &Number	Governmental	Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999 Total Revenues & Other Sources -	0001-0999 Total Expenditures & Other Uses =	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
10	General Fund	4,746,267	7,725,131	7,137,033	5,334,366
18	Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19	Colorado Preschool Program Fund	0	0	0	0
	Sub- Total	**4,746,267**	**7,725,131**	**7,137,033**	**5,334,366**
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	39,417	237,691	217,077	60,031
22	Govt Designated-Purpose Grants Fund	0	0	0	0
23	Pupil Activity Special Revenue Fund	92,108	61,443	54,523	99,027
24	Full Day Kindergarten Mill Levy Override	0	0	0	0
25	Transportation Fund	0	0	0	0
31	Bond Redemption Fund	496,901	299,442	291,350	504,993
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	221,956	250,119	355,999	116,076
46	Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals		**5,596,650**	**8,573,826**	**8,055,982**	**6,114,494**
	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

*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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