

**DOLORES COUNTY (DOVE CREEK)
SCHOOL DISTRICT RE-2J**

Independent Accountants' Reports
and
Basic Financial Statements
June 30, 2020

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

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June 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Dolores County (Dove Creek) School District RE-2J
Dove Creek, Colorado 81324

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dolores County (Dove Creek) School District RE-2J, Colorado as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dolores County (Dove Creek) School District RE-2J, Colorado as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Food Service Fund and Student Activity 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 the District's Pension Contributions, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of the District's Other Post-Employment Benefits (OPEB) Plan Contributions, and Schedule of the District's Proportionate Share of the Net Other Post Benefits (OPEB) Plan Liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dolores County (Dove Creek) School District RE-2J, Colorado's basic financial statements. The other supplemental information and information required by oversight authorities, including the budgetary comparison schedules and Colorado Department of Education Auditors' Integrity Report, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules and Colorado Department of Education Auditors' Integrity Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules and the Colorado Department of Education Auditors' Integrity Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Majors and Haley P.C.

Majors and Haley PC
October 1, 2020

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Dolores County (Dove Creek) School District RE-2J, Colorado's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020. Please consider the information presented here in conjunction with additional information that can be found in the basic financial statements, which begin on page 15.

FINANCIAL HIGHLIGHTS

- The District's net position increased \$1,203,623 as result of this year's operations.
 - Net position of governmental activities increased \$1,200,998. This increase was, for the most part, the result of the District's share of PERA pension and OPEB plan benefit which, in net, totaled \$1,125,400.
 - Net position of business-type activities, the Teacherage Fund, increased \$2,625 or 3.7%.
- The Districts total revenue was \$4,244,977 which is a decrease of \$130,235 from \$4,375,212 in the prior year.
 - General revenues (primarily state equalization and property tax) accounted for \$3,657,775 in revenue or 86.2% of all revenues. Program specific revenues in the form of charges for services and grants accounted for \$587,202 or the remaining 13.8%.
- The District incurred \$3,041,354 in expenses which is an increase of \$186,272 from \$2,855,082 in the prior year. \$1,125,400 of the expense was due to how pension and OPEB plan expenses are presented.
 - The general revenues were adequate by \$1,203,623 to cover \$2,454,152 in expenditures that were not offset by program specific revenues.
- Among the major programs, the General Fund reported a \$19,658 decrease in fund balance from \$3,127,292 in the prior year to \$3,107,634. This is a .63% decrease.
 - The General Fund revenues decreased \$410,604 from \$4,420,833 in the prior year to \$4,010,229 for a 9.29% decrease.
 - The General Fund expenditures (including transfers) increased \$303,293 from \$3,726,594 in the prior year to \$4,029,887. This is 8.14% increase.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

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

- The General Fund transfer to the Food Service Fund of \$57,000 was the same previous year.
- This is the first year the General Fund transferred into the Capital Projects Fund. The transfer was \$150,000.
- The Student Activity transfer was \$40,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components.

- Government-wide financial statements.
- Fund financial statements.
- Notes to the basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The Government-wide financial statements are designed to provide the reader of the District Annual Financial Report a broad overview of the financial activities in a manner similar to a private sector business. The government-wide financial statements include the Statement of Net Position and the Statement of Activities.

- The Statement of Net Position presents information about all of the District's assets, liabilities and deferred outflows and inflows of resources, with the difference reported as net position.
- The Statement of Activities presents information showing how the net position of the District changed during the current fiscal year. Changes in net position are recorded in the Statement of Activities when the underlying event occurs, regardless of the timing of related cash flow. Thus, all of the revenues and expenses are taken into account regardless of when cash is received or paid.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

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

The Government-wide financial statements are one way to measure the District's financial health, or financial position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health 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 base, student counts, and the condition of school facilities.

In the Government-wide financial statements, the District's activities are divided into two categories:

- **Governmental activities** – Most of the District's basic services are included here, such as instruction, students, food services, operations and maintenance, and administration. These activities are financed mainly through general revenues (state equalization and property tax).
- **Business-type activities**- The District charges fees to help cover the costs of certain services it provides. The District's Teacherage Fund is included here.

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 other funds to help it manage and control its finances to achieve certain results. The fund types presented here are governmental funds and proprietary funds. These two funds use different accounting approaches.

- **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 government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

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

- **Proprietary funds-** Services for which the District charges a fee are generally reported in proprietary funds. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. Proprietary funds are reported in the same way as the government-wide financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, net position was \$(1,385,090) at the close of the most recent fiscal year.

Net investment in capital assets (e.g. land and improvements, buildings, and equipment net any related debt to acquire those assets that is still outstanding) represents \$3,116,220 of the net position. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Property taxes are levied specifically to fund debt service on general obligation bonds.

An additional \$760,992 of the net position represents resources that are subject to external restrictions on how they may be used. \$155,000 of the restricted net position is an emergency reserve required by the Tabor amendment; \$44,830 for insurance; \$13,047 for food services; \$137,624 for student activities; \$73,083 for capital improvements and \$337,408 is for the repayment of the general obligation bonds.

The remaining \$(5,262,302) is unrestricted net position. The negative balance is due to the PERA pension and OPEB plan items, \$(8,223,859), representing the District's net share of the state plans.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

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

The following table indicates a summary of the Statement of Net Position for Governmental Activities as of June 30, 2020 and 2019.

Table 1

Comparative Summary of Net Position
June 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current assets	\$ 4,340,290	\$ 4,279,236	\$ 45,683	\$ 42,030	\$ 4,385,973	\$ 4,321,266
Capital assets, net of depreciation	3,288,451	3,390,046	28,594	29,622	3,317,045	3,419,668
Total Assets	7,628,741	7,669,282	74,277	71,652	7,703,018	7,740,934
Deferred Outflows of Resources	1,097,546	2,246,065			1,097,546	2,246,065
Liabilities						
Current liabilities	608,333	304,132			608,333	304,132
Noncurrent liabilities	5,176,001	6,685,410			5,176,001	6,685,410
Total Liabilities	5,784,334	6,989,542			5,784,334	6,989,542
Deferred Inflows of Resources	4,401,320	5,586,170			4,401,320	5,586,170
Net Position						
Net investment in capital assets	3,087,626	2,816,258	28,594	29,622	3,116,220	2,845,880
Restricted	760,992	992,086			760,992	992,086
Unrestricted	(5,307,985)	(6,468,709)	45,683	42,030	(5,262,302)	(6,426,679)
Net Position	\$ (1,459,367)	\$ (2,660,365)	\$ 74,277	\$ 71,652	\$ (1,385,090)	\$ (2,588,713)

At the close of the most recent fiscal year current assets comprised 56.9% of total assets, increasing from 55.8% in the prior year. Investments in capital assets, less depreciation make up the remaining 43.1% of assets. Accrued wages and benefits represent 51.8% of the total current liabilities. Accrued wages and benefits occur when teachers and certain other District employee's work nine or ten months of the year but are paid over a full twelve months. Current liabilities increased \$304,201 from \$304,132 to \$608,333. There was a net decrease in noncurrent liabilities from the prior year of \$(1,509,409). The net decrease was the result of the net pension liability decrease of \$(1,018,769); \$(54,552) net OPEB plan liability decrease; \$2,325 increase in accrued sick leave; \$(335,000) in general obligation current year debt payments; and lease obligations (net) of \$(103,413). Deferred outflows of resources decreased \$1,148,519 and deferred inflows of resources decreased \$1,184,850.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

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

The following table indicates the Summary of Net Position for Governmental and Business-type activities in for the year ending June 30, 2020 and 2019.

Table 2

Comparative Summary of Changes in Net Position
For the Year Ending June 30, 2020 and 2019

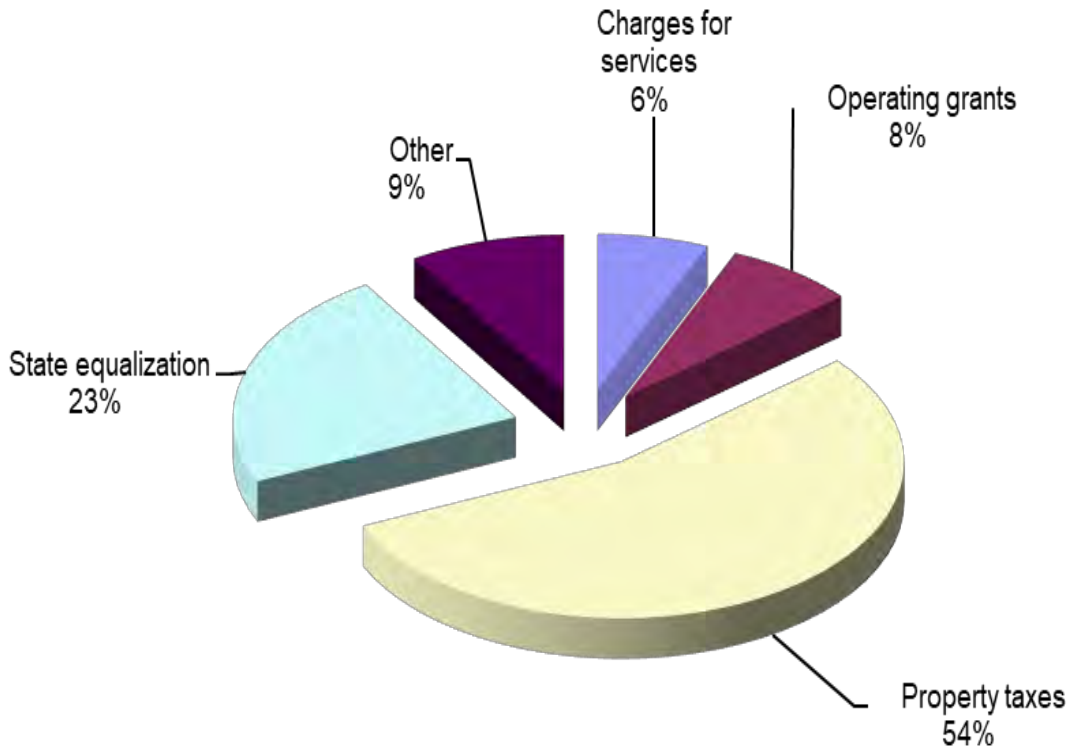
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for services	\$ 252,634	\$ 184,521	\$ 17,280	\$ 22,085	\$ 269,914	\$ 206,606
Operating grants	317,288	400,008			317,288	400,008
General revenues						
Property tax	2,311,100	2,400,285			2,311,100	2,400,285
State equalization	968,857	839,986			968,857	839,986
Other	377,292	662,136	526	189	377,818	662,325
Total Revenues	4,227,171	4,486,936	17,806	22,274	4,244,977	4,509,210
Expenses						
Instructional	1,526,634	1,369,731			1,526,634	1,369,731
Students	92,017	114,545			92,017	114,545
Instructional staff	61,443	66,854			61,443	66,854
General administration	132,337	96,284			132,337	96,284
School administration	173,819	227,754			173,819	227,754
Business services	54,089	55,779			54,089	55,779
Operations and maint	411,527	399,507			411,527	399,507
Student transportation	198,675	238,256			198,675	238,256
Central support	130,139	130,007			130,139	130,007
Food service operations	93,011	98,700			93,011	98,700
Facilities	15,001				15,001	-
Other	300	300			300	300
Teacherage operations			15,181	13,629	15,181	13,629
Interest on long-term debt	11,140	15,027			11,140	15,027
Unallocated depreciation	126,041	143,078			126,041	143,078
Total Expenses	3,026,173	2,955,822	15,181	13,629	3,041,354	2,969,451
Change in Net Position	1,200,998	1,531,114	2,625	8,645	1,203,623	1,539,759
Net Position - Beginning	(2,660,365)	(4,191,479)	71,652	63,007	(2,588,713)	(4,128,472)
Net Position - Ending	\$ (1,459,367)	\$ (2,660,365)	\$ 74,277	\$ 71,652	\$ (1,385,090)	\$ (2,588,713)

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

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

State equalization and property taxes accounted for most of the District's total revenue for the most recent fiscal year, with each contributing 23 percent and 54 percent respectively (See Table 3). Another 8 percent came from state and federal grants and the remainder 15 percent from charges for services and miscellaneous sources.

**Table 3
Sources of Revenue for Fiscal Year 2020**

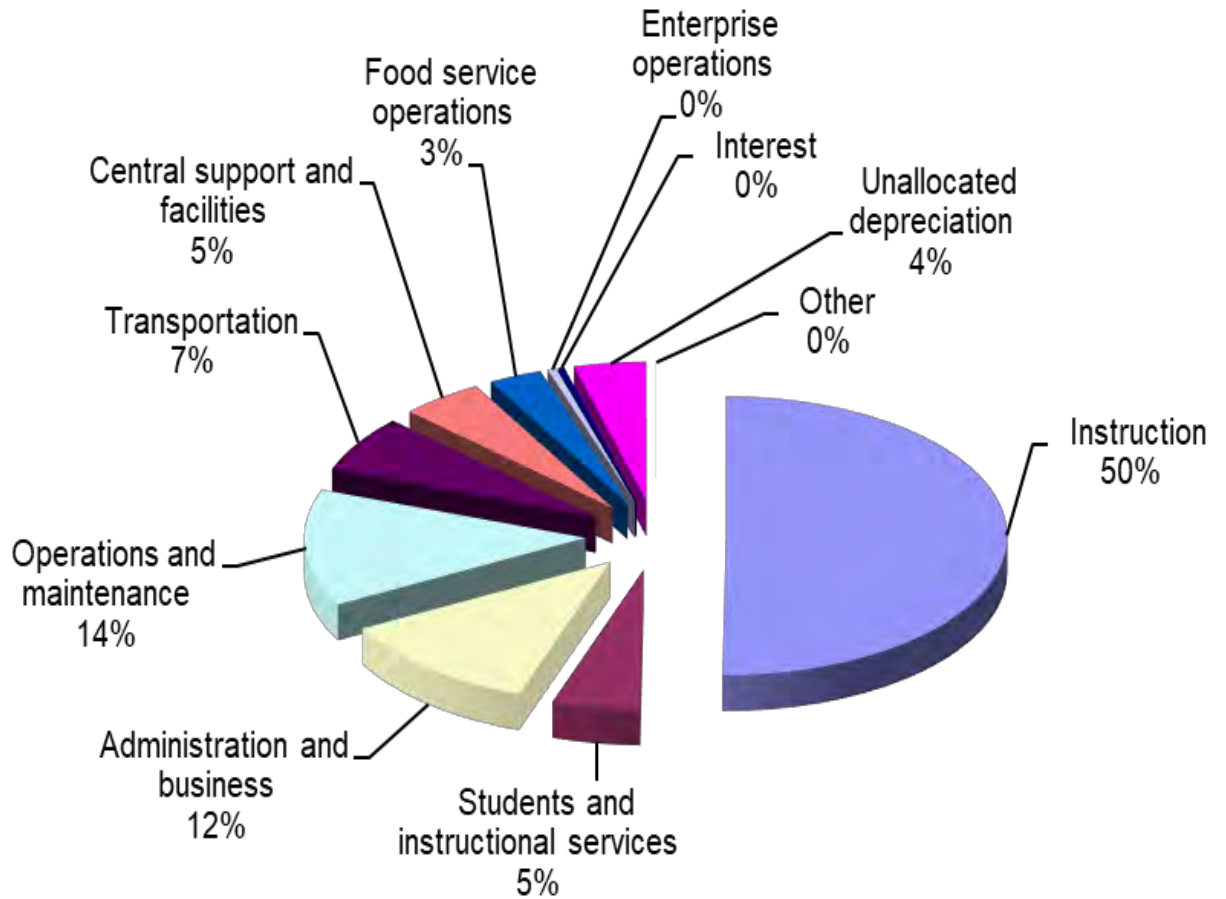


DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

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

The District's expenses for the most recent fiscal year are predominately related to students and instructional services and instruction, which total 50 percent of all expenses (See Table 4). The District's administrative and business activities accounted for an additional 12 percent of total costs.

**Table 4
Expenses for Fiscal Year 2020**



DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

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

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA) which is based on a funded pupil count formula and a standardized maximum statewide property tax mill levy. Under the SFA the District received \$12,860.34 per funded student. This is \$459.56 more than the previous year of \$12,400.78. In fiscal year 2020 the funded pupil count was 239.3 (237.4, 246.5 and 254.1 in previous three years). Funding for the SFA comes from property taxes, specific ownership taxes and state equalization. The District received 33.08 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
Statement of Activities for Fiscal Year 2020 and 2019

	Governmental Activities			
	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Instruction	\$ 1,526,634	\$ 1,369,731	\$ 1,090,004	\$ 975,666
Students and instructional services	153,460	181,399	147,347	173,818
Administration and business	360,245	379,817	353,547	368,150
Operations and maintenance	411,527	399,507	409,774	379,029
Transportation	198,675	238,256	158,189	187,882
Central support and facilities	145,140	130,007	126,841	115,471
Food service operations	93,011	98,700	33,068	32,501
Interest on long-term debt	11,140	15,027	11,140	15,027
Unallocated depreciation	126,041	143,078	126,041	143,078
Other	300	300	300	300
Total	\$ 3,026,173	\$ 2,955,822	\$ 2,456,251	\$ 2,390,922

- The cost of all governmental activities during the year was \$3,026,173.
- \$252,634 of the cost was financed by the users of the District's programs.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

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

- Federal and state government subsidized certain programs with \$317,288 of operating grants.
- However, \$3,657,249 of the District's costs was financed by State and District taxpayers. This portion of governmental activities was financed with general revenues that consisted primarily of \$968,867 state equalization from the School Finance Act of 1994 (SFA) and \$2,443,884 in property and specific ownership taxes.

Business-type Activities

Business-type activities are made up of the Teacherage Fund. This fund had revenues of \$17,806 and expenses of \$15,181. Business-type activities receive no support from tax revenue.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's major governmental funds include the General Fund, Food Service Fund, Student Activity Fund, Bond Redemption Fund and Capital Reserve Capital Projects Fund. These funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues of \$4,253,698 and expenditures of \$4,512,593.

General Fund Budgetary Highlights

The District's budget process is consistent with current Colorado statutes that require a proposed budget be presented to the Board of Directors by June 1, with budget adoption by June 30. The law provides for school boards to adjust revenues and expenditures through January 31st of each year. The most significant budgeted fund is the General Fund.

Over the course of the year, the District revised the annual operating budget by making an increase in appropriations.

- Increases in appropriations were due the receipt of additional grant funds that were not anticipated at the time of the original budget.
- Actual expenditures were \$3,147,634 below budget of which \$1,346,184 is appropriated reserves.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

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

CAPITAL ASSET ADMINISTRATION

By the end of fiscal year 2020, the District has invested \$7,596,041 in buildings and equipment (including vehicles), of this total \$7,479,832 was from governmental activities.

**Table 6
Capital Assets
June 30, 2020 and 2019**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2020	2019	2020	2019	2020	2019
Buildings	\$ 6,290,826	\$ 6,232,076	\$ 116,209	\$ 116,209	\$ 6,407,035	\$ 6,348,285
Equipment	1,189,006	1,191,506			1,189,006	1,191,506
Total	<u>\$ 7,479,832</u>	<u>\$ 7,423,582</u>	<u>\$ 116,209</u>	<u>\$ 116,209</u>	<u>\$ 7,596,041</u>	<u>\$ 7,539,791</u>

Additional information on the District's capital assets can be found in the notes to the financial statements at note 3 on page 38 of this report.

LONG-TERM DEBT

General obligation bonds were issued in December of 2000 for the construction of a new high school. In 2005 the District refinanced a portion of the bonds through advance refunding. On September 4, 2014, the District issued \$2,035 000 in general obligation refunding bonds, Series 2014. During fiscal year 2017, the District paid principal of \$325,000 taking the balance to \$795,000. In fiscal year 2017 the District entered into a lease agreement for a 2011 14 passenger bus for \$39,500. This was paid off in FY20. In fiscal year 2017 the District entered into a lease agreement for two 2017 Ford Expeditions for \$79,829. In fiscal year 2019, the District entered into a lease agreement for a 2017 bus for \$116,037. This was paid off in FY20. All the lease agreements are serviced by the General Fund and all payments and obligations are subject to annual appropriation by the Board of Education. Additional information can be found in Note 5 on page 39 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.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

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

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, Dolores County (Dove Creek) School District RE-2J, P.O. Box 459, Dove Creek, Colorado 81324.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 4,131,547	\$ 45,683	\$ 4,177,230
Cash with fiscal agent	93,989		93,989
Property tax receivable	92,550		92,550
Grants accounts receivable	13,355		13,355
Other receivables	779		779
Inventories	8,070		8,070
Capital assets net of accumulated depreciation	3,288,451	28,594	3,317,045
Total Assets	<u>7,628,741</u>	<u>74,277</u>	<u>7,703,018</u>
Deferred Outflows of Resources			
Pensions, net of accumulated amortization	1,081,515		1,081,515
OPEB plan, net of accumulated amortization	16,031		16,031
Total Deferred Outflows of Resources	<u>1,097,546</u>		<u>1,097,546</u>
Liabilities			
Accounts payable	7,854		7,854
Wages and related benefits payable	315,309		315,309
Unearned grant revenue	285,170		285,170
Non-current liabilities			
Due within one year	135,375		135,375
Due in more than one year	65,450		65,450
Net pension liability	4,742,012		4,742,012
Net OPEB plan liability	233,164		233,164
Total Liabilities	<u>5,784,334</u>		<u>5,784,334</u>
Deferred Inflows of Resources			
Unearned revenue - property taxes	55,091		55,091
Pensions, net of accumulated amortization	4,281,679		4,281,679
OPEB plan, net of accumulated amortization	64,550		64,550
Total Deferred Inflows of Resources	<u>4,401,320</u>		<u>4,401,320</u>
Net Position			
Net investment in capital assets	3,087,626	28,594	3,116,220
Restricted			
TABOR	155,000		155,000
Insurance	44,830		44,830
Food Service	13,047		13,047
Student Activities	137,624		137,624
Debt Service	337,408		337,408
Capital Improvements	73,083		73,083
Unrestricted	(5,307,985)	45,683	(5,262,302)
Total Net Position	<u>\$ (1,459,367)</u>	<u>\$ 74,277</u>	<u>\$ (1,385,090)</u>

The accompanying notes to the financial statements are an integral part of this statement.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

	Program Revenues			Net (Expenses) Revenue And Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities							
Instructional Program Services	\$ 1,526,634	\$ 223,563	\$ 213,067		\$ (1,090,004)		\$ (1,090,004)
Support Program Services							
Students	92,017		1,004		(91,013)		(91,013)
Educational library	61,443		5,109		(56,334)		(56,334)
General administration	132,337		972		(131,365)		(131,365)
School administration	173,819		5,181		(168,638)		(168,638)
Business	54,089		545		(53,544)		(53,544)
Operation and maintenance	411,527		1,753		(409,774)		(409,774)
Student transportation	198,675		40,486		(158,189)		(158,189)
Central support	130,139		6,299		(123,840)		(123,840)
Food service operations	93,011	17,071	42,872		(33,068)		(33,068)
Facility	15,001	12,000			(3,001)		(3,001)
Other	300				(300)		(300)
Interest on long-term debt	11,140				(11,140)		(11,140)
Depreciation excluding amounts directly allocated to programs	126,041				(126,041)		(126,041)
Total Governmental Activities	<u>3,026,173</u>	<u>252,634</u>	<u>317,288</u>		<u>(2,456,251)</u>		<u>(2,456,251)</u>
Business-Type Activities							
Teacherage operations	15,181	17,280				\$ 2,099	2,099
Total Business-Type Activities	<u>15,181</u>	<u>17,280</u>	<u>-</u>			<u>2,099</u>	<u>2,099</u>
Total School District	<u>\$ 3,041,354</u>	<u>\$ 269,914</u>	<u>\$ 317,288</u>	<u>\$ -</u>	<u>(2,456,251)</u>	<u>2,099</u>	<u>(2,454,152)</u>
General Revenues							
Current property tax for general purposes					2,311,100		2,311,100
Specific ownership tax for general purposes					128,129		128,129
Delinquent taxes and interest on taxes for general purposes					4,489		4,489
Delinquent taxes and interest on taxes for debt payment					166		166
Intergovernmental							
State Equalization - Net					968,867		968,867
Federal Forest/Division of Wildlife					165,032		165,032
Mineral Lease					43,070		43,070
Earnings on investments					35,886	526	36,412
Other local					510		510
Total General Revenues					<u>3,657,249</u>	<u>526</u>	<u>3,657,775</u>
Changes in Net Position					1,200,998	2,625	1,203,623
Net Position Beginning of the Year (as restated)					(2,660,365)	71,652	(2,588,713)
Net Position End of the Year					<u>\$ (1,459,367)</u>	<u>\$ 74,277</u>	<u>\$ (1,385,090)</u>

The accompanying notes to the financial statements are an integral part of this statements.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Student Activity Fund</u>	<u>Bond Redemption Fund</u>	<u>Capital Reserve Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets						
Cash on hand and in banks	\$ 3,562,425	\$ 21,232	\$ 137,411	\$ 337,396	\$ 73,083	\$ 4,131,547
Cash with fiscal agent	93,977			12		93,989
Property tax receivable	92,550					92,550
Grants accounts receivable	11,447	1,908				13,355
Other receivable		566	213			779
Inventory		8,070				8,070
Total Assets	<u>\$ 3,760,399</u>	<u>\$ 31,776</u>	<u>\$ 137,624</u>	<u>\$ 337,408</u>	<u>\$ 73,083</u>	<u>\$ 4,340,290</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 7,854					\$ 7,854
Wages and related benefits payable	304,650	\$ 10,659				315,309
Unearned grant revenue	285,170					285,170
Total Liabilities	<u>597,674</u>	<u>10,659</u>				<u>608,333</u>
Deferred inflows of resources						
Unearned revenue - property tax	<u>55,091</u>					<u>55,091</u>
Fund balances						
Nonspendable - inventory		8,070				8,070
Restricted						
TABOR	155,000					155,000
Insurance	44,830					44,830
Food Service		13,047				13,047
Student Activities			137,624			137,624
Debt Service				\$ 337,408		337,408
Capital Improvements					\$ 73,083	73,083
Assigned for FY21 expenditures	2,907,804					2,907,804
Total Fund Balances	<u>3,107,634</u>	<u>21,117</u>	<u>137,624</u>	<u>337,408</u>	<u>73,083</u>	<u>3,676,866</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,760,399</u>	<u>\$ 31,776</u>	<u>\$ 137,624</u>	<u>\$ 337,408</u>	<u>\$ 73,083</u>	<u>\$ 4,340,290</u>

Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position

Total Fund Balance Governmental Funds \$ 3,676,866

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	\$ 7,479,832	
Accumulated depreciation	(4,191,381)	
		<u>3,288,451</u>

Long-term liabilities and related items, including net pension liability, deferred outflows of resources and deferred inflows of resources, are not due and payable in the current year, and, therefore, are not reported in the governmental funds.

Due within one year		(135,375)
Due in more than one year		(65,450)
Net pension obligation		(4,742,012)
Deferred outflows of resources related to pensions - net		1,081,515
Deferred inflows of resources related to pensions - net		(4,281,679)
Net OPEB plan obligation		(233,164)
Deferred outflows of resources related to OBEB plan obligation - net		16,031
Deferred inflows of resources related to OBEB plan obligation- net		(64,550)
		<u>(8,424,684)</u>

Total Net Position Governmental Activities \$ (1,459,367)

The accompanying notes to the financial statements are an integral part of this statement.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2020

	General Fund	Food Service Fund	Student Activity Fund	Bond Redemption Fund	Capital Reserve Capital Projects Fund	Total Governmental Funds
Revenues						
Current property taxes	\$ 2,311,100					\$ 2,311,100
Specific ownership taxes	128,129					128,129
Delinquent taxes and interest on taxes	4,489			\$ 166		4,655
State Equalization	1,018,050					1,018,050
State sources	157,481	\$ 4,317				161,798
Federal sources	301,718	39,218				340,936
Other	89,262	17,071	\$ 174,116	8,560	\$ 21	289,030
Total Revenues	4,010,229	60,606	174,116	8,726	21	4,253,698
Expenditures						
Instructional program services	1,953,210		187,417			2,140,627
Support program services						
Students	152,834					152,834
Educational Library	98,331					98,331
General administration	191,213					191,213
School administration	292,285					292,285
Business	87,079					87,079
Operations and maintenance	513,352					513,352
Student transportation	238,153					238,153
Central support	147,827					147,827
Food service operations		121,788				121,788
Facility					79,251	79,251
Other				300		300
Debt service						
Principal	103,413			335,000		438,413
Interest	5,190			5,950		11,140
Total Expenditures	3,782,887	121,788	187,417	341,250	79,251	4,512,593
Other Financing Sources (Uses)						
Transfers in (out)	(247,000)	57,000	40,000		150,000	-
Total Other Financing Sources (Uses)	(247,000)	57,000	40,000		150,000	-
Excess revenue and other sources over (under) expenditures and other uses	(19,658)	(4,182)	26,699	(332,524)	70,770	(258,895)
Fund Balance, Beginning (as restated)	3,127,292	25,299	110,925	669,932	2,313	3,935,761
Fund Balance, Ending	\$ 3,107,634	\$ 21,117	\$ 137,624	\$ 337,408	\$ 73,083	\$ 3,676,866

The accompanying notes to the financial statements are an integral part of this statement.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

Net Change in Fund Balances Governmental Funds \$ (258,895)

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	\$	64,250	
Depreciation expense		(165,845)	
			(101,595)

Governmental funds report debt issuance proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. The net effect of these differences in the treatment of long-term debt is as follows:

Principal payment of long-term debt		438,413	
			438,413

Governmental funds expenditures related to pension and OPEB obligations are measured by the amount of financial resources used (essentially, the amounts actually paid to the pension plan), whereas in the Statement of Activities, they are measured on the full accrual basis. This amount represents the change in net pension liability, pension and OPEB related deferred outflows and inflows of resources.

District pension contributions		363,502	
Cost of pension benefits earned net of employee contributions		721,018	
Support from the State of Colorado		26,530	
District OPEB contributions		19,132	
Cost of OPEB benefits earned net of employee contributions		(4,782)	
			1,125,400

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

(Increase) Decrease in accrued sick leave			(2,325)
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Change in Net Position of Governmental Activities \$ 1,200,998

The accompanying notes to the financial statements are an integral part of this statement.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues from Local Sources				
Current property taxes	\$ 2,050,000	\$ 2,050,000	\$ 2,311,100	\$ 261,100
Specific ownership taxes	90,000	90,000	128,129	38,129
Delinquent taxes and interest on taxes	4,000	4,000	4,489	489
Earnings on investments	15,000	15,000	27,305	12,305
Other	16,500	27,294	61,957	34,663
Total Revenues from Local Sources	2,175,500	2,186,294	2,532,980	346,686
Revenues from State Sources				
State grants from CDE				
State equalization	650,000	650,000	1,018,050	368,050
Transportation	36,000	36,000	39,245	3,245
Colorado library	3,000	3,000	4,500	1,500
Turnaround leaders		12,700	9,600	(3,100)
Small rural schools			62,049	62,049
Additional at risk			1,332	1,332
Kindergarten faculty		16,183	12,408	(3,775)
Colorado read act	13,000	8,310	8,310	-
Other			638	638
Audit adjustments - net			(49,183)	(49,183)
State grants flow through SJBOCES				
Gifted and talented	7,000	7,000	6,703	(297)
Other state grants				
Vocational education	10,000	10,000	17,462	7,462
State of Colorado PERA Contribution			44,417	44,417
Total Revenues from State Sources	719,000	743,193	1,175,531	432,338
Revenues from Federal Sources				
Federal grants from CDE				
Title I, Part A Grant	52,504	52,504	49,922	(2,582)
Title II, Part A Teacher Improvement Grant	10,555	10,555	9,245	(1,310)
Title IV, Part A Student Support Grant	10,000	10,000	10,000	-
Other federal grants				
Title VI, Part B REAP - Summer School Grant	22,015	16,704	16,704	-
Perkins Grant	8,000	8,000	7,745	(255)
Stud Grant				-
Mineral lease			43,070	43,070
Federal forest			161,518	161,518
Division of Wildlife			3,514	3,514
Total Revenues from Federal Sources	103,074	97,763	301,718	203,955
Total Revenues	2,997,574	3,027,250	4,010,229	982,979

The accompanying notes to the financial statements are an integral part of this statement.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Expenditures				
Instructional Programs				
Salaries	\$ 1,363,153	\$ 1,349,529	\$ 1,058,432	\$ 291,097
Employee benefits	547,966	544,990	440,677	104,313
Purchased services				
Professional and technical	16,600	44,200	49,515	(5,315)
Property	18,890	18,890	10,733	8,157
Other	175,600	225,850	117,261	108,589
Supplies	190,715	275,714	205,126	70,588
Property	69,400	85,583	65,407	20,176
Other	5,500	5,500	6,059	(559)
Total Instructional Programs	<u>2,387,824</u>	<u>2,550,256</u>	<u>1,953,210</u>	<u>597,046</u>
Support Services				
Students				
Salaries	84,000	117,000	106,794	10,206
Employee benefits	35,900	49,900	41,233	8,667
Purchased services				
Professional and technical	25,000	3,000	1,069	1,931
Supplies	6,000	5,000	3,738	1,262
Total Students	<u>150,900</u>	<u>174,900</u>	<u>152,834</u>	<u>22,066</u>
Education Library Services				
Salaries	60,800	60,800	58,789	2,011
Employee benefits	30,100	30,100	30,992	(892)
Purchased services				
Professional and technical	10,000	10,000		10,000
Supplies	6,600	6,600	8,550	(1,950)
Total Education Library Services	<u>107,500</u>	<u>107,500</u>	<u>98,331</u>	<u>9,169</u>

The accompanying notes to the financial statements are an integral part of this statement.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
General Administration				
Salaries	\$ 107,300	\$ 107,300	\$ 96,210	\$ 11,090
Employee benefits	53,800	53,800	47,093	6,707
Purchased services				
Professional and technical	40,700	40,700	23,458	17,242
Property	3,800	3,800	3,048	752
Other	9,900	9,900	3,797	6,103
Supplies	4,000	4,000	5,766	(1,766)
Property	2,000	2,000		2,000
Other	8,500	8,500	11,841	(3,341)
Total General Administration	230,000	230,000	191,213	38,787
School Administration				
Salaries	191,800	191,800	202,388	(10,588)
Employee benefits	74,300	74,300	85,951	(11,651)
Purchased services				
Other	800	800	248	552
Supplies	500	500	474	26
Other	4,180	4,180	3,224	956
Total School Administration	271,580	271,580	292,285	(20,705)
Business Services				
Salaries	60,700	60,700	57,913	2,787
Employee benefits	25,100	25,100	22,381	2,719
Purchased services				
Other	7,800	7,800	6,198	1,602
Supplies	3,000	3,000	587	2,413
Property	1,000	1,000		1,000
Total Business Services	97,600	97,600	87,079	10,521
Operations and Maintenance				
Salaries	213,000	213,000	180,338	32,662
Employee benefits	86,900	86,900	77,996	8,904
Purchased services				
Property	50,200	50,200	32,968	17,232
Other	41,400	51,400	29,837	21,563
Supplies	177,000	177,000	124,557	52,443
Property	1,000	1,000	67,656	(66,656)
Total Operations and Maintenance	569,500	579,500	513,352	66,148

The accompanying notes to the financial statements are an integral part of this statement.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Student Transportation				
Salaries	\$ 167,800	\$ 167,800	\$ 136,127	\$ 31,673
Employee benefits	43,990	43,990	46,348	(2,358)
Purchased services				
Professional and technical	1,100	1,100	375	725
Property	1,000	2,000	1,717	283
Other	4,250	6,294	2,635	3,659
Supplies	70,400	70,400	47,237	23,163
Property	2,500	25,538	3,714	21,824
Total Student Transportation	291,040	317,122	238,153	78,969
Central Support				
Salaries	26,500	26,500	27,759	(1,259)
Employee benefits	14,900	14,900	15,294	(394)
Purchased services				
Professional and technical	2,000	2,000		2,000
Other	129,500	129,500	101,164	28,336
Supplies	7,000	7,000	2,279	4,721
Property			1,331	(1,331)
Total Central Support	179,900	179,900	147,827	32,073
Other Uses				
Capital Lease Payments	93,000	93,000	108,603	(15,603)
Appropriated reserves	906,730	1,346,184		1,346,184
Total Expenditures	5,285,574	5,947,542	3,782,887	2,164,655
Excess revenue over (under) expenditures	(2,288,000)	(2,920,292)	227,342	3,147,634
Other Financing Sources (Uses)				
Transfers out - Food Service Fund	(57,000)	(57,000)	(57,000)	-
Transfers out - Student Activity Fund			(40,000)	(40,000)
Transfers out - Capital Projects Fund	(75,000)	(150,000)	(150,000)	-
Other Financing Sources (Uses)	(132,000)	(207,000)	(247,000)	(40,000)
Net Change in Fund Balance	(2,420,000)	(3,127,292)	(19,658)	3,107,634
Fund Balance, Beginning	2,420,000	3,127,292	3,127,292	-
Fund Balance, Ending	\$ -	\$ -	\$ 3,107,634	\$ 3,107,634

The accompanying notes to the financial statements are an integral part of this statement.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
FOOD SERVICE FUND
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues from Local Sources				
Charges for services	\$ 14,025	\$ 14,025	\$ 17,071	\$ 3,046
Total Revenues from Local Sources	<u>14,025</u>	<u>14,025</u>	<u>17,071</u>	<u>3,046</u>
Revenues from State Sources				
State grants from CDE	600	600	1,271	671
Other state grants			1,908	1,908
State of Colorado PERA			1,138	1,138
Total Revenues from State Sources	<u>600</u>	<u>600</u>	<u>4,317</u>	<u>3,717</u>
Revenues from Federal Sources				
National School Lunch Program Grant	38,000	38,000	27,435	(10,565)
National School Breakfast Program	6,500	6,500	6,191	(309)
Commodities	5,000	5,000	5,592	592
Total Revenues from Federal Sources	<u>49,500</u>	<u>49,500</u>	<u>39,218</u>	<u>(10,282)</u>
Total Revenues	<u>64,125</u>	<u>64,125</u>	<u>60,606</u>	<u>(3,519)</u>
Expenditures				
Food services				
Salaries	59,300	59,300	44,511	14,789
Employee benefits	18,200	18,200	27,704	(9,504)
Purchased services				
Property	500	500	1,092	(592)
Other			30	(30)
Supplies	49,500	49,500	48,451	1,049
Property	1,000	1,000		1,000
Other				-
Appropriated reserves	4,625	17,924		17,924
Total Expenditures	<u>133,125</u>	<u>146,424</u>	<u>121,788</u>	<u>24,636</u>
Excess revenue over (under) expenditures	(69,000)	(82,299)	(61,182)	21,117
Other Financing Sources (Uses)				
Transfers in (out)	57,000	57,000	57,000	-
Excess of revenues and other sources over (under) expenditures and other uses	(12,000)	(25,299)	(4,182)	21,117
Fund Balance, Beginning	12,000	25,299	25,299	-
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,117</u>	<u>\$ 21,117</u>

The accompanying notes to the financial statements are an integral part of this statement.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
STUDENT ACTIVITY FUND
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Budget		Favorable (Unfavorable)
Revenues				
Student activities	\$ 255,000	\$ 255,000	\$ 174,116	\$ (80,884)
Total Revenues	<u>255,000</u>	<u>255,000</u>	<u>174,116</u>	<u>(80,884)</u>
Expenditures				
Instruction				
Supplies	255,000	335,000	187,417	147,583
Appropriated reserves	25,000	30,925		30,925
Total Expenditures	<u>280,000</u>	<u>365,925</u>	<u>187,417</u>	<u>178,508</u>
Excess revenue over (under) expenditures	(25,000)	(110,925)	(13,301)	97,624
Other Financing Sources (Uses)				
Transfers in (out)			40,000	40,000
Excess of revenues and other sources over (under) expenditures and other uses	(25,000)	(110,925)	26,699	137,624
Fund Balance, Beginning (as restated)	25,000	110,925	110,925	-
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,624</u>	<u>\$ 137,624</u>

The accompanying notes to the financial statement are an integral part of this statement.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE - ENTERPRISE FUND
June 30, 2020

	Business-type Activities
	Teacherage Fund
Assets	
Current Assets	
Cash in banks	\$ 45,683
Total Current Assets	<u>45,683</u>
Noncurrent Assets	
Buildings	116,209
Accumulated depreciation	(87,615)
Total Noncurrent Assets	<u>28,594</u>
Total Assets	<u>74,277</u>
Liabilities	
Net Position	
Net investment in capital assets	28,594
Unrestricted	45,683
Total Net Position	<u>\$ 74,277</u>

The accompanying notes to the financial statements are an integral part of this statement.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
For the Year Ended June 30, 2020

	Business-type Activities
	<u>Teacherage Fund</u>
Operating Revenues	
Rents	\$ 17,280
Total Operating Revenues	<u>17,280</u>
Operating Expenses	
Purchased services	
Property	4,932
Supplies	8,771
Depreciation	1,028
Other	450
Total Operating Expenses	<u>15,181</u>
Operating income (loss)	<u>2,099</u>
Nonoperating Revenues (Expenses)	
Local sources	
Earnings on investments	526
Total Nonoperating Revenues (Expenses)	<u>526</u>
Income (loss) before operating transfers	<u>2,625</u>
Net Income (Loss)	2,625
Net Position, Beginning	71,652
Net Position, Ending	<u><u>\$ 74,277</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
For the Year Ended June 30, 2020

	<u>Business-type</u>
	<u>Activities</u>
	<u>Teacherage</u>
	<u>Fund</u>
Cash Flows from Operating Activities	
Cash received for and rents	\$ 17,280
Cash payments to suppliers for goods and services	(14,153)
Net Cash Provided (Used) by Operating Activities	<u>3,127</u>
Cash Flows From Investing Activities	
Earnings on investments	526
Net Cash Provided (Used) by Investing Activities	<u>526</u>
Net increase (decrease) in cash and cash equivalents equivalents	3,653
Cash and Cash Equivalents, Beginning	42,030
Cash and Cash Equivalents, Ending	<u>\$ 45,683</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities	
Operating income (loss)	\$ 2,099
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	1,028
Total adjustments	<u>1,028</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,127</u>

The accompanying notes to the financial statements are an integral part of this statement.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 1 - Summary of Significant Accounting Policies

The financial statements of Dolores County (Dove Creek) School District RE-2J (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. 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.

The Financial Reporting Entity

The District is governed by the Board of Education ("Board") and is organized and operates in accordance with Colorado statutes. Board members are elected by the citizens of the District, not appointed by any other governing body. The Board selects the superintendent of schools. The Board is solely responsible for the District's budget adoption process. The District has the authority to levy taxes and issue debt. The District meets the criteria of a primary government; its' board is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent. The District is not included in any other government reporting entity. In addition, there are no component units as defined the GASB Statements 14, 39 and 61, which are included in the District's reporting entity.

Government-wide and Fund Financial Statement Presentation

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) display information on all the non-fiduciary activities of the primary government. The effect of Interfund activities has been removed from these statements. These statements distinguish between the governmental and business-type activities of the District. Governmental activities are supported by taxes and intergovernmental revenues. Business-type activities are financed, to a significant extent, by fees and charges.

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

The accounts of the District are organized based on funds, each of which is considered a separate accounting entity. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the later are excluded from the government-wide financial statements. Major individual funds represent the District's most important funds and are reported as separate columns in the fund financial statements. All remaining funds are aggregated and reported as non-major funds. The District considers all their funds important, due to the size of the District, and therefore has no non-major funds.

Measurement Focus and Basis of Accounting

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

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

Governmental Funds are used to account for the District's general governmental activities. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and capital leases are reported as other financing sources.

Those revenues subject to accrual are property taxes, charges for services and expended grants associated with the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the government.

The accounts of the District are organized and operated based on funds. A fund is an independent fiscal accounting entity, with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained by the District is consistent with legal and managerial requirements.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

The District reports the following major governmental funds:

Major Governmental Funds

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

The Food Service Fund is a special revenue fund used to account for the financial transactions related to the food service operations of the District. The major source of revenue are food service grants.

The Student Activity Fund is a special revenue fund used to account for the financial transactions related to student activities of the District. This fund was reclassified from the Agency Fund in FY20.

The Bond Redemption Fund is a debt service fund, which accounts for the resources accumulated and the payments made for principal and interest on long-term general obligation debt of governmental funds.

The Capital Reserve Capital Projects Fund is used to account for the accumulation of resources and expenditures of resources for capital improvements within the District.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods relating to a proprietary fund's principal ongoing operations. The principal revenues of the District's enterprise funds are charges for services. Operating expenses for enterprise funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Major Proprietary Funds

Enterprise Funds are used to account for those operations financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, cost incurred, and net income is necessary for management accountability. The District reported the following major business-type funds.

Teacherage Fund accounts for residential rentals owned by the District that are rented to District teachers.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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

Cash and Cash Equivalents

For the purpose of the statement of cash flows of the enterprise funds the cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments which are subject to withdrawal.

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.

Inventories

Inventories purchased by the Food Service Fund are stated at cost as determined by the first-in, first-out method. Commodity inventories are stated at USDA's assigned value, which approximate fair value at the date of receipt. Expenses for food items are recorded when used. The federal government donates surplus commodities to supplement the national school lunch programs.

Capital Assets

Capital assets, which include land, buildings and improvements, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded 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 \$25,000 for major outlays for buildings and improvements. The District does not possess any infrastructure.

The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend the life of an asset are not capitalized.

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

Description	Governmental Activities <u>Estimated Lives</u>	Business-Type Activities <u>Estimated Lives</u>
Buildings and Improvements	20-50 Years	40 Years
Furniture and Equipment	5-15 Years	5-15 Years
Vehicles	8 Years	N/A

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Deferred Outflows/Inflows of Resources

In additions to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and fund balance that applies to future period(s) and so will not be recognized as an outflow or resources (expense/expenditure) until that time.

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

Accrued Salaries and Benefits Payable

Accrued salaries and benefits payable represent the liability to teachers and certain other employees who earn their salaries over the nine- or ten-month school year but are paid over a twelve-month period. Changes in the accrual are reflected in expenditures or expense on the applicable fund's statement of revenue, expenditures and changed in fund balance.

Compensated Absences

Under the District's policies, employees earn vacation leave and sick leave based on longevity of services or position.

The amount of 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 does not vest or accumulate.

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.

Sick leave may be accumulated to a maximum of 60 days. Employees have the right to be paid at the rate of one-half daily sub rate, currently \$50 per day, for any accumulated sick leave days upon termination or retirement after three years of employment. Accumulated sick leave is shown as a long-term liability of the District.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

Long-term Obligations

In the government-wide financial statements and the fund financial statements of the proprietary funds, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, and proprietary fund statement of net position.

Net Position

The net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- Net investment in capital assets represents capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted consists of restricted assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- Unrestricted consists of the net amounts of assets, deferred outflows and inflows or resources and liabilities that are not included in the determination of net investment in capital assets or the restricted components of the net position.

When determining categories of net position, it is assumed that the type of expenditure determines the primary use of net position. When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the District considers restricted fund to have been spent first.

Fund Balance

The fund balances of the governmental funds are reported in classifications based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent as follows.

- Nonspendable fund balance represents assets that cannot be spent because of their form or legally or contractually must be maintained intact.
- Restricted fund balance reflects resources that are subject to externally enforceable legal limitations.
- Committed fund balance is the portion that is limited to specific purposes determined by a formal action of the Board of Education, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned fund balance displays the District's intended use of these resources. The assigned fund balance amounts are assigned by the Board of Education, per the District policy.
- Unassigned fund balance represents resources with residual net resources.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

When determining categories of fund balance, it is assumed that the type of expenditure determines the primary use of fund balance. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. Once the commitment or assignment is satisfied unassigned resources are used.

Defined Benefit Pension Plan

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

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

Defined Benefit Other Post Employment Benefit (OPEB) Plan

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 or resources and deferred inflow of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/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.

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 interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the District's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows and inflows of resources, revenues, and expenditures (expenses). Actual results could differ from those estimates and assumptions used.

Property Taxes

Property taxes for a calendar year are certified by the Board of Education by December 15 and levied on assessed valuation by the county commissioners by December 22, are due and payable in the subsequent calendar year. Assessed values are established by the county assessor. Property taxes attach as an enforceable lien on property as of January 1 of the year in which payable. Property taxes are payable in full by April 30 or in two equal installments due February 28 and June 15. The county bills and collects property taxes for all taxing districts in the county. The property tax receipts collected by the county are generally remitted to the District in the subsequent month.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales related to the rental of houses in the Teacherage Fund. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activities of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 January 31.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Formal budgetary integration is employed as a management control device during the year. Encumbrance accounting is employed by the District. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year

Note 2 - Cash and Investments

Custodial Credit Risk for deposits is the risk that, in the event of a bank failure, the District's deposits might not be recovered. However, there is no custodial risk for public deposits because they are collateralized under the Colorado Public Deposit Protection Act (PDPA). The PDPA 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 at least 102% of the uninsured deposits. The State Regulatory Commissions 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.

For investments, custodial risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. 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. The District has no investments exposed to custodial credit risk.

Interest Rate Risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Colorado revised statutes limits investment maturities to five years or less. The District has no investments exposed to interest rate risk.

Credit Risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Credit risk in the portfolio is minimized by investing the majority of asset in US Treasury and Instrumentalities which have the support of US government and failure to receive maturing funds is remote.

On June 30, 2020, the District had investments in one local governmental investment pool, the Colorado Government Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. COLOTRUST 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 COLOTRUST is the same as the value of the pool shares. None of these types of investments are categorized because they are not evidenced by securities that exist in physical or book entry form.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

COLOTRUST is rated AAAM from Standard and Poor's. Financial statements for COLOTRUST may be obtained at www.colotruster.com.

On June 30, 2020, the carrying amount of the District's cash and investments was \$4,177,230. The District's bank balances were \$1,710,718 and COLOTRUST balances were \$2,536,391. The District's bank balances on June 30, 2020 and during the year ended June 30, 2020 were entirely covered by FDIC insurance or pledged collateral held by the District's agent banks in the name of governmental accounts of which the District is a part.

Note 3 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 follows:

	Capital Assets <u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	Capital Assets <u>June 30, 2020</u>
Governmental Activities				
Buildings and Improvements	\$ 6,232,076	\$ 58,750		\$ 6,290,826
Equipment	1,191,506	5,500	\$ (8,000)	1,189,006
Less Accumulated Depreciation	(4,033,536)	(165,845)	8,000	(4,191,381)
Total Governmental Activities	3,390,046	(101,595)	-	3,288,451
Business-type Activities				
Buildings and Improvements	116,209			116,209
Equipment	-			-
Less Accumulated Depreciation	(86,587)	(1,028)		(87,615)
Total Business-type Activities	29,622	(1,028)	-	28,594
Total District	\$ 3,419,668	\$ (102,623)	\$ -	\$ 3,317,045

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

Transportation	\$ 35,491
Operations and Maintenance	4,313
Unallocated	126,041
Total depreciation governmental activities	\$ 165,845

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

Note 4 - Accrued Salaries

Certified instructors of the District are contracted for nine- or ten-months annually between Labor Day and June 1. These instructors, while only working nine or ten 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 \$315,309, is reflected as an accrued expense on June 30.

Note 5 - Long Term Debt

General Obligation Bonds Payable - In December of 2000, the voters of the District approved the issuance of \$4,400,000 of general obligation building bonds. The proceeds of the bonds were used in the construction of a new high school. The bonds are to be repaid through a voter approved increase in property taxes. The bonds are due in semi-annual installments and bear interest ranging from 4.35% to 5.10%. In 2005 the District refinanced a portion of the bonds through an advanced refunding. The refinancing called for the issuance of \$3,610,000 in general obligation refunding bonds. The proceeds were used to advance refund a portion of the original bond issue. The refunding bonds are payable in semi-annual installments and bear interest ranging from 3.00% to 4.00%. The advance refunding provided a present value economic gain to the District of \$204,608.

On September 4, 2014, the District issued \$2,035,000 in General Obligation Refunding Bonds, Series 2014, at a true interest cost of 1.38%. The interest rate is fixed at the time the bonds were sold and had an average coupon rate of 3.92%. The net proceeds of \$2,635,360 (including a \$49,846 premium; after payment of \$49,486 in underwriting fees and other issuance costs and legally available moneys of \$600,000 from the District) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the General Obligation Refunding Bonds, Series 2005, are considered defeased (debt legally satisfied). After all expenses, the refunding will save the District's taxpayers \$311,849. The refunding savings equals \$237,489 on the present value basis or approximately 9.187% of the amounts of refunded bonds. The repayment of the bonds is recorded in the Debt Service Fund.

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

Fiscal Year Ending June 30	Series 2014 General Obligation Bonds	
	Principal	Interest
2021	\$ 130,000	\$ 1,300
Total	<u>\$ 130,000</u>	<u>\$ 1,300</u>

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

Capital Lease Payable – In fiscal year 2016 the District entered into a lease agreement for a 2011 Chevy Collin 14 passenger bus. The lease was for \$39,500 with a down payment of \$3,950. The lease is payable in 5 annual payments of \$7,703.41, including interest at an average rate of 3.78% beginning on May 12, 2016. The lease is serviced by the General Fund and the bus serves as collateral. All payments obligations of the District are subject to annual appropriation by the Board of Education. This lease was paid off during in FY20.

Capital Lease Payable – In fiscal year 2017 the District entered into a lease agreement for two 2017 Ford Expeditions. The lease was for \$78,829. The lease is payable in 48 monthly payments of \$1,806.13, including interest at a flat rate of 4.95% beginning on October 20, 2016. The lease is serviced by the General Fund and the two expeditions serve as collateral. All payments obligations of the District are subject to annual appropriation by the Board of Education.

The annual requirements to amortize the lease payable on June 30, 2020 are as follows:

Fiscal Year Ending June 30	Expeditions	
	Principal	Interest
2021	\$ 5,375	\$ 829
Total	<u>\$ 5,375</u>	<u>\$ 829</u>

Capital Lease Payable – In fiscal year 2019 the District entered into a lease agreement for a 2017 bus. The lease was for \$116,037. The lease is payable in 3 annual payments of \$40,578.00, including interest at a flat rate of 4.7% beginning on September, 2018. The lease is serviced by the General Fund and the bus serve as collateral. All payments obligations of the District are subject to annual appropriation by the Board of Education. This lease was paid off during FY20.

Changes in Long-Term Debt

A summary of changes in general long-term debt follows:

Description	Balance		Balance	
	July 1, 2018	Additions	Deletions	June 30, 2020
General Obligation Bonds				
Series 2014	\$ 465,000		\$ (335,000)	\$ 130,000
Capital Lease Bus	7,110		(7,110)	-
Capital Lease Expeditions	26,219		(20,844)	5,375
Capital Lease Bus	75,459		(75,459)	-
Accrued Sick Leave	63,125	\$ 2,325		65,450
Total	<u>\$ 636,913</u>	<u>\$ 2,325</u>	<u>\$ (438,413)</u>	<u>\$ 200,825</u>

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

Note 6 - Inter-fund Operating Allocations/Transfers

A summary of Inter-fund balances are as follows:

<u>Allocations</u>	<u>In</u>	<u>Out</u>
Governmental Activities		
General Fund		\$ 84,000
Insurance Reserve	\$ 84,000	
Total Allocations	<u>\$ 84,000</u>	<u>\$ 84,000</u>
<u>Transfers</u>	<u>In</u>	<u>Out</u>
Governmental Activities		
General Fund		\$ 247,000
Food Service Fund	\$ 57,000	
Student Activity Fund	40,000	
Capital Projects Fund	150,000	
Total Transfers	<u>\$ 247,000</u>	<u>\$ 247,000</u>

The Transfers were made with the purpose of subsidizing the Funds.

Note 7 - 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 of the Board of Education but are not spendable until appropriated. The District uses the following restrictions and assignments.

Restricted

TABOR is required by an amendment to the State Constitution, Article X; Section 20, known as the Tabor Amendment, which requires local government units to establish emergency reserves. The designation is a minimum of three percent of the current fiscal year eligible expenditures. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. Fund balance reserved for emergencies consists of \$155,000 in the General Fund.

Insurance is the amounts to be used for future insurance of the District. \$48,830 is restricted in the General Fund.

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Food Service is the amounts to be used for future food service of the District. \$13,047 is restricted in the Food Service Fund.

Student Activities is the amounts to be used for future student activities of the District. \$137,624 restricted in the Student Activities Fund.

Debt Service is the amounts to be used for future repayment of the District's outstanding bond. Fund balance restricted for debt service consists of \$337,408 in the Bond Redemption Fund.

Capital Improvements is the amounts to be used for future capital improvements of the District. \$73,083 is restricted in the Capital Reserve Capital Projects Fund.

Assigned

Assigned for Future Expenditures – indicates anticipated fund balances available for appropriation in the next budget year. Fund balances assigned for future expenditures consist of the following:

General Fund	\$ 2,907,804
Total	<u>\$ 2,907,804</u>

Note 8 - 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, except for the Enterprise Funds, which are prepared essentially on the modified accrual basis of accounting. This basis of accounting is at variance with GAAP.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

Prior to June 1, the Business Manager submits to the Board a proposed operating budget for the fiscal year commencing the following July 1.

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

Public hearings are conducted to obtain comments.

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

Formal budgetary integration is employed as a management control device during the year. Encumbrance accounting is employed by the District. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Board of Directors throughout the year. Following is a summary of the revised budget, actual amount spent and variance.

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental Activities			
General Fund	\$ 6,154,542	\$ 4,029,887	\$ 2,124,655
Food Service Fund	\$ 203,424	\$ 178,788	\$ 24,636
Student Activity Fund	\$ 365,925	\$ 187,417	\$ 178,508
Bond Redemption Fund	\$ 673,932	\$ 341,250	\$ 332,682
Capital Projects Fund	\$ 152,313	\$ 79,251	\$ 73,062
Business-type Activities			
Teacherage Fund	\$ 57,130	\$ 14,153	\$ 42,977

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.

Note 9 – Jointly Governed Organization

The District is a participant among nine school districts in a jointly governed organization to operate the San Juan Board of Cooperative Educational Services (SJBOCES). The SJBOCES is a regional education service unit created under the “Board of Cooperative Services Act of 1965” of the Colorado Revised Statutes. The BOCES provides unique education services that the member districts could not provide individually on a cost-effective basis. The BOCES governing board is made up of representatives from each member district’s board. The governing board control budgeting and fiscal matters. The District does not have an ongoing financial interest in or ongoing financial responsibility for the BOCES. Financial statements for the BOCES can be obtained at www.sjboces.org The District had no debt with BOCES at year end.

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Note 10 – Defined Benefit Pension Plan

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

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

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

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

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

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

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 will receive an annual increase of 1.25 percent unless adjusted by the automatic provision (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007 receive the lessor of an annual increase of 1.25

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percent or the average Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year no to exceed 10 percent of PERA’s Annual Increase (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 and benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

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

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

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$363,502 for the year ended June 30, 2020.

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

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

On June 30, 2020, the District reported a liability of \$4,742,012 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 4,742,012
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	601,464
Total	<u><u>\$ 5,343,476</u></u>

On December 31, 2019, the District's proportion was .0317408373 percent, which was a decrease of .0007929836 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$(1,111,050) and revenue of \$19,025 for the support from the State as a nonemployer contributing entity. On June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 258,443	
Changes in assumptions or other inputs	135,377	\$ 2,150,932
Net difference between projected and actual earnings on pension plan investments	505,883	1,067,621
Changes in proportion and differences between contributions recognized and proportionate share of contributions		1,063,126
Contributions subsequent to the measurement date	181,812	
 Total	 <u>\$ 1,081,515</u>	 <u>\$ 4,281,679</u>

\$181,812 reported as deferred outflows related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2021	\$ (1,658,904)
2022	(1,296,878)
2023	(235,108)
2024	(191,086)
 Total	 <u>\$ (3,381,976)</u>

Actuarial Assumptions – The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent

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Post-retirement benefit increases:

PERA benefit structure hired prior to 1/1/07;
and DPS benefit structure (automatic)¹

1.25 percent compounded
annually

PERA benefit structure hired after 12/31/06
(ad hoc, substantively automatic)

Financed by the
Annual Increase Reserve

¹ For 2019, the annual increase was 0.00 percent.

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

Post-retirement non-disabled mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

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

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

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

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

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

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State will provide an annual direct distribution of \$225 million (actual dollars) commencing July 1, 2018, that is proportioned between the State, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine that 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

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net position 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	\$ 6,288,924	\$ 4,742,012	\$ 3,443,245

Pension plan fiduciary net position. Detail information of 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

Note 11 – Defined Contribution Pension Plan

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District has not agreed to match employee contributions. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2020, program members contributed \$788 to the Voluntary Investment Program.

Note 12 – 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 a www.copera.org/investments/per-financial-reports.

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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.

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For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from District were \$19,132 for the year ended June 30, 2020.

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

At June 30, 2020 the District reported a liability of \$233,164 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The District proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the District proportion was .0207441401 percent, which was a decrease of .0004029975 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020 the District recognized OPEB expense of \$(14,350). At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 774	\$ 39,180
Changes in assumptions or other inputs	1,934	
Net difference between projected and actual earnings on pension plan investments	3,754	7,646
Changes in proportion and differences between contributions recognized and proportionate share of contributions		17,724
Contributions subsequent to the measurement date	9,569	
Total	<u>\$ 16,031</u>	<u>\$ 64,550</u>

\$9,569 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2021	\$ (12,606)
2022	(12,605)
2023	(11,479)
2024	(12,958)
2025	(7,982)
2026	(458)
Total	<u>\$ (58,088)</u>

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

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Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans gradually	5.60 percent in 2019, decreasing to 4.50 percent in 2029
Medicare Part A premiums gradually	3.50 percent in 2019, increasing to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

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

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

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

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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

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

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2018, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

Year	PERACare Medicare Plans	Medicare Part A Premiums
2028	4.70%	4.25%
2029+	4.50%	4.50%

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

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

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

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

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

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 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.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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

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

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

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

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

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
None U.S. Equity - Developed	18.55%	5.20%
None U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
 Total	 100.00%	

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB liability	\$ 227,625	\$ 233,164	\$ 239,564

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:

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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

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

Sensitivity of the District 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	\$ 263,639	\$ 233,164	\$ 207,101

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.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 13 - 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 (CSDSIP). The CSDSIP was formed in 1981, when Colorado state regulators authorized the organization's creation, in response to shortcomings in the commercial insurance market. The CSDSIP provides member school districts and related educational facilities with defined property and liability coverage through joint self-insurance and excess insurance.

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.

Note 14 - 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. On November 5, 1996, 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 1997 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.

On November 3, 2015, the voters approved a mill levy override. The taxes may be increased by \$350,000 in the first full fiscal year (2016) and whatever amounts are raised annually thereafter by the imposition of an additional mill levy not to exceed 3 mills upon taxable real property within the District.

Note 15 – Compliance with the Financial Policies and Procedures Handbook

The school district is complying with the provisions of section 22-44-204(3), C.R.S., concerning the use of the Financial Policies and Procedures Handbook adopted by the State Board of Education." C.R.S. 29-1-603

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 16 - Commitments and Contingent Liabilities

The District had received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement to grantor agencies for expenditures disallowed under terms of the grant. District management believes that disallowance, if any, would be immaterial to the basic financial statements.

Note 17 – Restatement of Fund Balance – The District previously reported the activity of the Student Activity Agency Fund (Fund 74) as a fiduciary fund. Beginning in FY2019-2020, such activity has been more appropriately reported in a special revenue fund (Fund 23). Accordingly, the newly established special revenue fund reports a restated beginning fund balance of \$110,925, which is equal to the restatement of net current assets and current liabilities previously reported in the agency fund. All remaining assets and liabilities, if any, previously reported in the agency fund are not recognized at the fund level under the modified accrual basis of accounting, and have been reclassified as assets and liabilities of the governmental activities as of July 1, 2019.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2020

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

Such information includes:

- Schedule of the District's Pension Contributions

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

- Schedule of the District's Other Post Employment Benefits (OPEB) Plan Contributions

- Schedule of the District's Proportionate Share of the Net Other Post Employment Benefit (OPEB) Plan Liability

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J
Schedule of the District's Pension Contributions

For the Years Ended June 30

Last 10 Years*

	2014	2015	2016	2017	2018	2019	2020
Contractually required contributions	\$ 269,556	\$ 293,595	\$ 315,493	\$ 353,622	\$ 344,390	\$ 343,863	\$ 363,502
Contributions in relation to the contractually required contribution	269,556	293,595	315,493	353,622	344,390	343,863	363,502
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,686,593	\$ 1,738,432	\$ 1,778,896	\$ 1,923,600	\$ 1,823,894	\$ 1,797,486	\$ 1,875,657
Contributions as a percentage of covered payroll	15.98%	16.89%	17.74%	18.38%	18.88%	19.13%	19.38%

24 * Fiscal year 2015 was the 1st year of implementation. Information in not available for years prior to 2014.

Notes to Required Supplemental Information

See Note 10 in the accompanying Notes to the Financial Statements for factors that significantly affect trends in the amounts reported.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J
Schedule of the Districts' Proportionate Share of the Net Pension Liability

For the Years Ended June 30

Last 10 Years*

	2014	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.04099029%	0.04059932%	0.04057857%	0.04109908%	0.04074981%	0.32533821%	0.03174084%
District's proportionate share of the Net Pension Liability	\$ 5,228,300	\$ 5,502,571	\$ 6,206,206	\$ 12,236,786	\$ 13,177,041	\$ 5,760,781	\$ 4,742,012
District's share of the State of Colorado's share of the Net Pension Liability as nonemployer contributing entity						\$ 787,707	\$ 601,464
Total Net Pension Liability						\$ 6,548,488	\$ 5,343,476
District's covered payroll	\$ 1,686,563	\$ 1,738,432	\$ 1,778,896	\$ 1,923,600	\$ 1,823,894	\$ 1,788,557	\$ 1,875,657
District's proportionate share of the net pension liability as a percentage of its covered payroll	310.00%	316.52%	348.88%	636.14%	722.47%	366.13%	284.89%
Plan fiduciary net position as a percentage of the total pension liability	62.84%	64.07%	59.20%	43.13%	43.96%	57.01%	57.01%

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

* Fiscal year 2015 was the 1st year of implementation. Information in not available for years prior to 2014.

Notes to Required Supplemental Information

See Note 10 in the accompanying Notes to the Financial Statements for factors that significantly affect trends in the amounts reported.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J
 Schedule of the District's Other Post Employment Benefits (OPEB) Plan Contributions

For the Years Ended June 30

Last 10 Years*

	2017	2018	2019	2020
Contractually required contributions	\$ 19,620	\$ 18,604	\$ 18,335	\$ 19,132
Contributions in relation to the statutory contractually contribution	19,620	18,604	18,335	19,132
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 1,923,600	\$ 1,823,894	\$ 1,797,486	\$ 1,875,657
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

* Fiscal year 2018 was the 1st year of implementation. Information in not available for years prior to 2017.

Notes to Required Supplemental Information

See Note 12 in the accompanying Notes to the Financial Statements for factors that significantly affect trends in the amounts reported.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J
 Schedule of the District's Proportionate Share of the Net Other Post Employment Benefit (OPEB) Plan Liability

For the Years Ended June 30

Last 10 Years*

	2017	2018	2019	2020
District's proportion of the net OPEB plan liability	0.23361242%	0.23153882%	0.02114714%	0.02074414%
District's proportionate share of the Net OPEB plan liability	\$ 302,886	\$ 300,908	\$ 287,716	\$ 233,164
District's covered payroll	\$ 1,923,600	\$ 1,823,894	\$ 1,788,557	\$ 1,875,657
District's proportionate share of the net OPEB plan liability as a percentage of its covered payroll	15.75%	16.50%	16.09%	12.43%
Plan fiduciary net position as a percentage of the total OPEB plan liability	20.07%	21.25%	17.03%	17.03%

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

* Fiscal year 2018 was the 1st year of implementation. Information is not available for years prior to 2017.

Notes to Required Supplemental Information

See Note 12 in the accompanying Notes to the Financial Statements for factors that significantly affect trends in the amounts reported.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

OTHER SUPPLEMENTARY INFORMATION

June 30, 2020

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

These statements and schedules include:

Budgetary Comparison Schedules

Debt Service Fund

Bond Redemption Fund

Capital Reserve Capital Projects Fund

Proprietary Fund

Enterprise Fund

Teacherage Fund

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 BOND REDEMPTION FUND
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Delinquent taxes and interest on taxes			\$ 166	166
Earnings on investments	\$ 4,000	\$ 4,000	8,560	4,560
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>8,726</u>	<u>4,726</u>
Expenditures				
Other				
Purchased services				
Professional and technical	300	300	300	-
Debt Service				
Principal	350,000	350,000	335,000	15,000
Interest	30,000	30,000	5,950	24,050
Appropriated reserves	263,700	293,632		293,632
Total Expenditures	<u>644,000</u>	<u>673,932</u>	<u>341,250</u>	<u>332,682</u>
Excess revenue and other sources over (under) expenditures and other uses	(640,000)	(669,932)	(332,524)	337,408
Fund Balance, Beginning	640,000	669,932	669,932	-
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 337,408</u>	<u>\$ 337,408</u>

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 CAPITAL RESERVE CAPITAL PROJECTS FUND
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues from Local Sources				
Earnings on investments			\$ 21	\$ 21
Total Revenues from Local Sources			<u>21</u>	<u>21</u>
Expenditures				
Facility				
Professional services		\$ 45,000	73,751	(28,751)
Property	\$ 75,000	105,000	5,500	99,500
Appropriated reserves	2,313	2,313		2,313
Total Expenditures	<u>77,313</u>	<u>152,313</u>	<u>79,251</u>	<u>73,062</u>
Excess revenue over (under) expenditures	(77,313)	(152,313)	(79,230)	73,083
Other Financing Sources (Uses)				
Transfers in (out)	75,000	150,000	150,000	-
Excess of revenues and other sources over (under) expenditures and other uses	(2,313)	(2,313)	70,770	73,083
Fund Balance, Beginning	2,313	2,313	2,313	-
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,083</u>	<u>\$ 73,083</u>

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - BUDGET (NON GAAP BASIS) AND ACTUAL
PROPRIETARY FUND TYPE - ENTERPRISE FUND
TEACHERAGE FUND
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Operating Revenues				
Rents	\$ 15,000	\$ 15,000	\$ 17,280	\$ 2,280
Total Operating Revenues	15,000	15,000	17,280	2,280
Operating Expenses				
Purchased services				
Property	8,300	8,300	4,932	3,368
Supplies	15,000	15,000	8,771	6,229
Other			450	(450)
Total Operating Expenses	23,300	23,300	14,153	9,147
Operating income (loss)	(8,300)	(8,300)	3,127	11,427
Nonoperating Revenues (Expenses)				
Local sources				
Earnings on investments	100	100	526	426
Appropriated reserves	(26,300)	(33,830)		33,830
Changes in Net Position Non GAAP Basis	(34,500)	(42,030)	3,653	45,683
Less depreciation expense			(1,028)	(1,028)
Net Position, Beginning	34,500	42,030	71,652	29,622
Net Position, Ending	\$ -	\$ -	\$ 74,277	\$ 74,277



Colorado Department of Education

Auditors Integrity Report

District: 0890 - Dolores County RE No.2

Fiscal Year 2019-20

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880')	1000 - 5999 Total Revenues & Other Sources	1000 - 0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj Ending Fund Balance
Governmental				
10 General Fund	3,091,339	3,669,933	3,698,467	3,062,804
18 Risk Mgmt Sub-Fund of General Fund	35,953	93,296	84,420	44,830
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	3,127,292	3,763,229	3,782,887	3,107,634
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
21 Food Service Spec Revenue Fund	25,299	117,606	121,789	21,117
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	110,925	214,116	187,417	137,624
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	689,932	8,726	341,250	337,408
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	2,313	150,021	79,251	73,083
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	3,935,761	4,253,699	4,512,594	3,676,865
Proprietary				
50 Other Enterprise Funds	71,652	17,806	15,181	74,277
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	71,652	17,806	15,181	74,277
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 prior period adjustment is added into both your ending and beginning fund balances on this report.
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