

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

Independent Accountants' Reports  
and  
Basic Financial Statements  
June 30, 2021

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

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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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**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, 2021, 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, 2021

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

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

For the Year Ended June 30, 2021

### **MANGEMENT'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, 2021. Please consider the information presented here in conjunction with additional information that can be found in the basic financial statements, as listed in the table of contents.

### **FINANCIAL HIGHLIGHTS**

- The District's net position increased \$1,762,781 as result of this year's operations.
  - Net position of governmental activities increased \$1,758,295. 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 \$1,480,792.
  - Net position of business-type activities, the Teacherage Fund, increased \$4,486 or 6.04%.
  
- The District's total revenue was \$4,387,221 which is an increase of \$142,244 from \$4,244,977 in the prior year.
  - General revenues (primarily state equalization and property tax) accounted for \$3,373,204 in revenue or 76.9% of all revenues. Program specific revenues in the form of charges for services and grants accounted for \$1,014,017 or the remaining 23.1%.
  
- The District incurred \$2,624,440 in expenses which is a decrease of \$416,914 from \$3,041,354 in the prior year. \$1,480,792 of the expense was due to how pension and OPEB plan expenses are presented.
  - The general revenues were adequate by \$1,762,781 to cover \$1,610,423 in expenditures that were not offset by program specific revenues.
  
- Among the major programs, the General Fund reported a \$108,012 increase in fund balance from \$3,107,634 in the prior year to \$3,215,646. This is a 3.5% increase.
  - The General Fund revenues increased \$99,167 from \$4,010,229 in the prior year to \$4,109,396 for a 2.5% increase.
  - The General Fund expenditures (including transfers) decreased \$28,503 from \$4,029,887 in the prior year to \$4,001,384. This is .7% decrease.

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

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

For the Year Ended June 30, 2021

- The General Fund transfer to the Food Service Fund of \$60,000 was up \$3,000 from the previous year.
- The General Fund transferred \$306,513 into the Capital Projects Fund. This included the transfer from the Bond Redemption Fund of \$206,538 of the cash available after the bonds were paid off.
- The Student Activity transfer was \$40,000. This is the same as the previous year.

### ***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 Districts 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, 2021

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, 2021

- **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 \$377,692 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 \$3,320,848 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 \$779,246 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; \$39,143 for insurance; \$37,197 for food services; \$168,208 for student activities; \$379,689 for capital improvements and \$9 is for the repayment of the general obligation bonds.

The remaining \$(3,722,402) is unrestricted net position. The negative balance is due to the PERA pension and OPEB plan items, \$(6,802,866), 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, 2021

The following table indicates a summary of the Statement of Net Position for Governmental Activities as of June 30, 2021 and 2020.

**Table 1**

Comparative Summary of Net Position  
June 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Current assets	\$ 4,194,002	\$ 4,340,290	\$ 51,197	\$ 45,683	\$ 4,245,199	\$ 4,385,973
Capital assets, net of depreciation	3,293,282	3,288,451	27,566	28,594	3,320,848	3,317,045
<b>Total Assets</b>	<u>7,487,284</u>	<u>7,628,741</u>	<u>78,763</u>	<u>74,277</u>	<u>7,566,047</u>	<u>7,703,018</u>
<b>Deferred Outflows of Resources</b>	<u>1,958,679</u>	<u>1,097,546</u>			<u>1,958,679</u>	<u>1,097,546</u>
<b>Liabilities</b>						
Current liabilities	337,565	608,333			337,565	608,333
Noncurrent liabilities	5,586,348	5,176,001			5,586,348	5,176,001
<b>Total Liabilities</b>	<u>5,923,913</u>	<u>5,784,334</u>			<u>5,923,913</u>	<u>5,784,334</u>
<b>Deferred Inflows of Resources</b>	<u>3,223,121</u>	<u>4,401,320</u>			<u>3,223,121</u>	<u>4,401,320</u>
<b>Net Position</b>						
Net investment in capital assets	3,293,282	3,087,626	27,566	28,594	3,320,848	3,116,220
Restricted	779,246	760,992			779,246	760,992
Unrestricted	(3,773,599)	(5,307,985)	51,197	45,683	(3,722,402)	(5,262,302)
<b>Net Position</b>	<u>\$ 298,929</u>	<u>\$ (1,459,367)</u>	<u>\$ 78,763</u>	<u>\$ 74,277</u>	<u>\$ 377,692</u>	<u>\$ (1,385,090)</u>

At the close of the most recent fiscal year current assets comprised 56.1% of total assets, decreasing from 56.9% in the prior year. Investments in capital assets, less depreciation make up the remaining 43.9% of assets. Accrued wages and benefits represent 99.4% 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 decreased \$270,768 from \$608,333 to \$337,565. There was a net increase in noncurrent liabilities from the prior year of \$410,347. The net increase was the result of the net pension liability increase of \$590,701; net decrease of \$(39,329) net OPEB plan liability; \$(5,650) decrease in accrued sick leave; \$(130,000) in general obligation current year debt payments; and lease obligations (net) of \$(5,375). Deferred outflows of resources increased \$861,133 and deferred inflows of resources decreased \$1,178,199.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
For the Year Ended June 30, 2021**

The following table indicates the Summary of Net Position for Governmental and Business-type activities in for the year ending June 30, 2021 and 2020.

**Table 2**  
Comparative Summary of Changes in Net Position  
For the Year Ending June 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 289,486	\$ 252,634	\$ 17,470	\$ 17,280	\$ 306,956	\$ 269,914
Operating grants	707,061	317,288			707,061	317,288
General revenues						
Property tax	2,171,449	2,311,100			2,171,449	2,311,100
State equalization	926,242	968,857			926,242	968,857
Other	275,464	377,292	49	526	275,513	377,818
<b>Total Revenues</b>	<b>4,369,702</b>	<b>4,227,171</b>	<b>17,519</b>	<b>17,806</b>	<b>4,387,221</b>	<b>4,244,977</b>
<b>Expenses</b>						
Instructional	1,232,143	1,526,634			1,232,143	1,526,634
Students	68,772	92,017			68,772	92,017
Instructional staff	56,189	61,443			56,189	61,443
General administration	127,091	132,337			127,091	132,337
School administration	144,259	173,819			144,259	173,819
Business services	73,007	54,089			73,007	54,089
Operations and maint	390,935	411,527			390,935	411,527
Student transportation	173,477	198,675			173,477	198,675
Central support	123,350	130,139			123,350	130,139
Food service operations	86,040	93,011			86,040	93,011
Facilities		15,001			-	15,001
Other	100	300			100	300
Teacherage operations			13,033	15,181	13,033	15,181
Interest on long-term debt	1,343	11,140			1,343	11,140
Unallocated depreciation	134,701	126,041			134,701	126,041
<b>Total Expenses</b>	<b>2,611,407</b>	<b>3,026,173</b>	<b>13,033</b>	<b>15,181</b>	<b>2,624,440</b>	<b>3,041,354</b>
<b>Change in Net Position</b>	<b>1,758,295</b>	<b>1,200,998</b>	<b>4,486</b>	<b>2,625</b>	<b>1,762,781</b>	<b>1,203,623</b>
<b>Net Position - Beginning</b>	<b>(1,459,366)</b>	<b>(2,660,365)</b>	<b>74,277</b>	<b>71,652</b>	<b>(1,385,089)</b>	<b>(2,588,713)</b>
<b>Net Position - Ending</b>	<b>\$ 298,929</b>	<b>\$ (1,459,367)</b>	<b>\$ 78,763</b>	<b>\$ 74,277</b>	<b>\$ 377,692</b>	<b>\$ (1,385,090)</b>

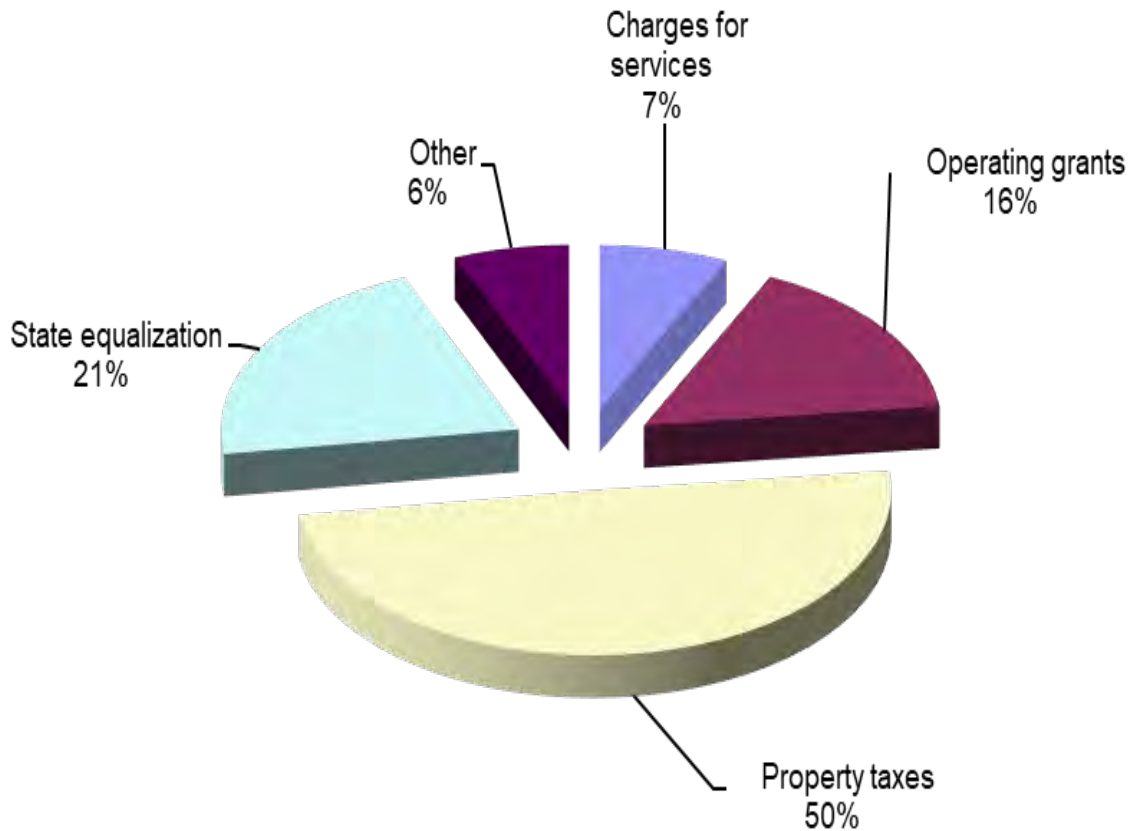
**DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J**

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

For the Year Ended June 30, 2021

State equalization and property taxes accounted for most of the District's total revenue for the most recent fiscal year, with each contributing 21 percent and 50 percent respectively (See Table 3). Another 16 percent came from state and federal grants and the remainder 13 percent from charges for services and miscellaneous sources.

**Table 3**  
**Sources of Revenue for Fiscal Year 2021**



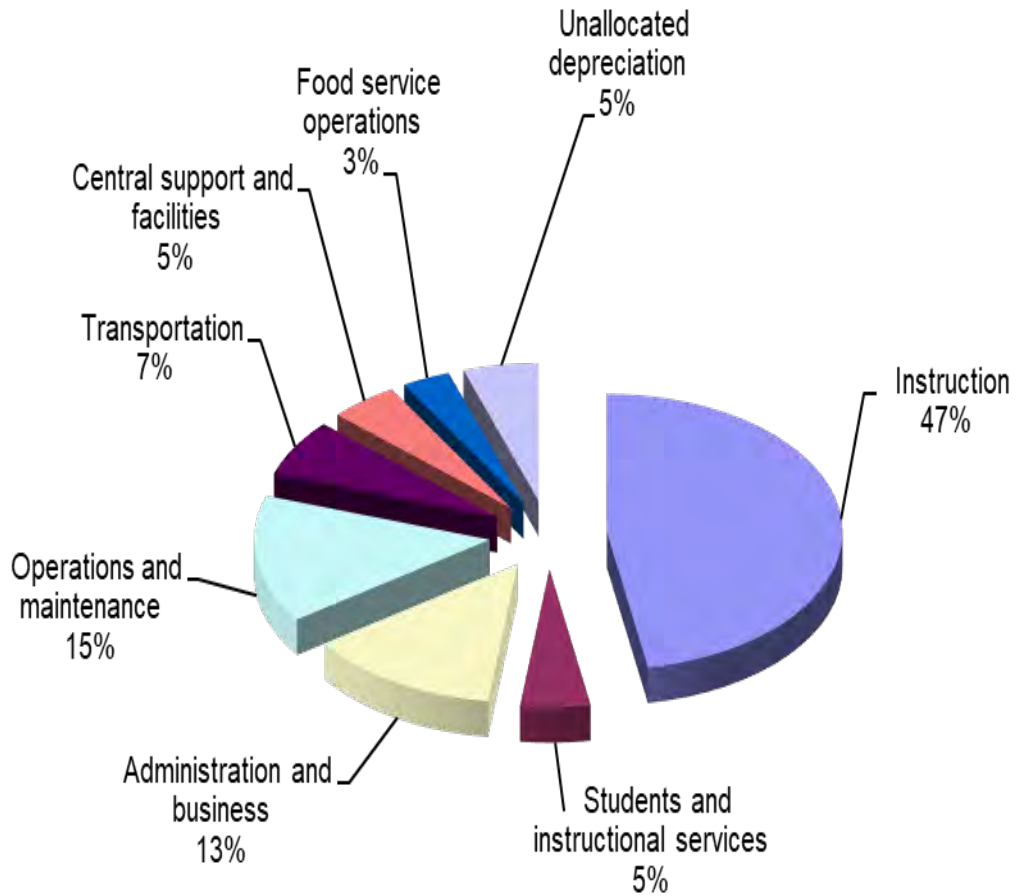
**DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J**

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

For the Year Ended June 30, 2021

The District's expenses for the most recent fiscal year are predominately related to students and instructional services and instruction, which total 52 percent of all expenses (See Table 4). The District's administrative and business activities accounted for an additional 13 percent of total costs.

**Table 4  
Expenses for Fiscal Year 2021**



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

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

For the Year Ended June 30, 2021

***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 \$12,651.55 per funded student. This is \$208.79 less than the previous year of \$12,860.34. In fiscal year 2021 the funded pupil count was 239.3 (239.3, 237.4 and 246.5 in previous three years). Funding for the SFA comes from property taxes, specific ownership taxes and state equalization. The District received 32.15 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 2021 and 2020***

	<b>Governmental Activities</b>		<b>Net Cost of Services</b>	
	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Instruction	\$ 1,232,143	\$ 1,526,634	\$ 522,979	\$ 1,090,004
Students and instructional services	124,961	153,460	111,155	147,347
Administration and business	344,357	360,245	326,376	353,547
Operations and maintenance	390,935	411,527	267,055	409,774
Transportation	173,477	198,675	136,453	158,189
Central support and facilities	123,350	145,140	115,565	126,841
Food service operations	86,040	93,011	(867)	33,068
Interest on long-term debt	1,343	11,140	1,343	11,140
Unallocated depreciation	134,701	126,041	134,701	126,041
Other	100	300	100	300
Total	<u>\$ 2,611,407</u>	<u>\$ 3,026,173</u>	<u>\$ 1,614,860</u>	<u>\$ 2,456,251</u>

- The cost of all governmental activities during the year was \$2,611,407.
- \$289,486 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, 2021

- Federal and state government subsidized certain programs with \$707,061 of operating grants.
- However, \$3,373,155 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 \$926,242 state equalization from the School Finance Act of 1994 (SFA) and \$2,296,665 in property and specific ownership taxes.

#### ***Business-type Activities***

Business-type activities are made up of the Teacherage Fund. This fund had revenues of \$17,519 and expenses of \$13,033. 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 \$4,369,702 and expenditures of \$4,238,055.

#### ***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 \$3,214,577 below budget of which \$2,804,570 is appropriated reserves.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
For the Year Ended June 30, 2021**

***CAPITAL ASSET ADMINISTRATION***

By the end of fiscal year 2021, 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, 2021 and 2020**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Buildings	\$ 6,436,763	\$ 6,290,826	\$ 116,209	\$ 116,209	\$ 6,552,972	\$ 6,407,035
Equipment	1,222,404	1,189,006			1,222,404	1,189,006
Total	<u>\$ 7,659,167</u>	<u>\$ 7,479,832</u>	<u>\$ 116,209</u>	<u>\$ 116,209</u>	<u>\$ 7,775,376</u>	<u>\$ 7,596,041</u>

Additional information on the District's capital assets can be found in Note 3 of the notes to the financial statements of this report as listed in the table of contents.

**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. This bond was paid in full in fiscal year 2021.

In fiscal year 2017 the District entered into a lease agreement for two 2017 Ford Expeditions for \$79,829. This lease was paid in full in fiscal year 2021. At June 30, 2021 the District had no long-term debt other than for accrued sick leave.

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 on long-term debt can be found in Note 5 of the notes to the financial statements of this report as listed in the table on contents.

***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, 2021**

***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, 2021

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 3,992,173	\$ 51,197	\$ 4,043,370
Cash with fiscal agent	92,357		92,357
Property tax receivable	66,830		66,830
Grants accounts receivable	21,310		21,310
Other receivables	13,568		13,568
Inventories	7,764		7,764
Capital assets net of accumulated depreciation	3,293,282	27,566	3,320,848
<b>Total Assets</b>	<u>7,487,284</u>	<u>78,763</u>	<u>7,566,047</u>
<b>Deferred Outflows of Resources</b>			
Pensions, net of accumulated amortization	1,944,006		1,944,006
OPEB plan, net of accumulated amortization	14,673		14,673
<b>Total Deferred Outflows of Resources</b>	<u>1,958,679</u>		<u>1,958,679</u>
<b>Liabilities</b>			
Accounts payable	2,154		2,154
Wages and related benefits payable	335,411		335,411
Non-current liabilities			
Due in more than one year	59,800		59,800
Net pension liability	5,332,713		5,332,713
Net OPEB plan liability	193,835		193,835
<b>Total Liabilities</b>	<u>5,923,913</u>		<u>5,923,913</u>
<b>Deferred Inflows of Resources</b>			
Unearned revenue - property taxes	47,924		47,924
Pensions, net of accumulated amortization	3,096,927		3,096,927
OPEB plan, net of accumulated amortization	78,270		78,270
<b>Total Deferred Inflows of Resources</b>	<u>3,223,121</u>		<u>3,223,121</u>
<b>Net Position</b>			
Net investment in capital assets	3,293,282	27,566	3,320,848
Restricted			
TABOR	155,000		155,000
Insurance	39,143		39,143
Food Service	37,197		37,197
Student Activities	168,208		168,208
Debt Service	9		9
Capital Improvements	379,689		379,689
Unrestricted	(3,773,599)	51,197	(3,722,402)
<b>Total Net Position</b>	<u>\$ 298,929</u>	<u>\$ 78,763</u>	<u>\$ 377,692</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, 2021

	Program Revenues			Net (Expenses) Revenue And Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<b>Governmental Activities</b>							
Instructional Program Services	\$ 1,232,143	\$ 282,022	\$ 427,142		\$ (522,979)		\$ (522,979)
Support Program Services							
Students	68,772		10,306		(58,466)		(58,466)
Educational library	56,189		3,500		(52,689)		(52,689)
General administration	127,091		-		(127,091)		(127,091)
School administration	144,259		3,400		(140,859)		(140,859)
Business	73,007		14,581		(58,426)		(58,426)
Operation and maintenance	390,935		123,880		(267,055)		(267,055)
Student transportation	173,477		37,024		(136,453)		(136,453)
Central support	123,350		7,785		(115,565)		(115,565)
Food service operations	86,040	7,464	79,443		867		867
Other	100				(100)		(100)
Interest on long-term debt	1,343				(1,343)		(1,343)
Depreciation excluding amounts directly allocated to programs	134,701				(134,701)		(134,701)
<b>Total Governmental Activities</b>	<u>2,611,407</u>	<u>289,486</u>	<u>707,061</u>		<u>(1,614,860)</u>		<u>(1,614,860)</u>
<b>Business-Type Activities</b>							
Teacherage operations	13,033	17,470				\$ 4,437	4,437
<b>Total Business-Type Activities</b>	<u>13,033</u>	<u>17,470</u>	<u>-</u>			<u>4,437</u>	<u>4,437</u>
<b>Total School District</b>	<u>\$ 2,624,440</u>	<u>\$ 306,956</u>	<u>\$ 707,061</u>	<u>\$ -</u>	<u>(1,614,860)</u>	<u>4,437</u>	<u>(1,610,423)</u>
<b>General Revenues</b>							
Current property tax for general purposes					2,162,190		2,162,190
Specific ownership tax for general purposes					125,216		125,216
Delinquent taxes and interest on taxes for general purposes					9,140		9,140
Delinquent taxes and interest on taxes for debt payment					119		119
Intergovernmental							
State Equalization - Net					926,242		926,242
Federal Forest/Division of Wildlife					106,577		106,577
Mineral Lease					39,920		39,920
Earnings on investments					2,501	49	2,550
Other local					1,250		1,250
<b>Total General Revenues</b>					<u>3,373,155</u>	<u>49</u>	<u>3,373,204</u>
<b>Changes in Net Position</b>					1,758,295	4,486	1,762,781
Net Position Beginning of the Year (as restated)					(1,459,366)	74,277	(1,385,089)
<b>Net Position End of the Year</b>					<u>\$ 298,929</u>	<u>\$ 78,763</u>	<u>\$ 377,692</u>

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

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2021

	General Fund	Food Service Fund	Student Activity Fund	Bond Redemption Fund	Capital Reserve Capital Projects Fund	Total Governmental Funds
<b>Assets</b>						
Cash on hand and in banks	\$ 3,398,067	\$ 46,422	\$ 167,995		\$ 379,689	\$ 3,992,173
Cash with fiscal agent	92,348			\$ 9		92,357
Property tax receivable	66,830					66,830
Grants accounts receivable	21,310					21,310
Other receivable	10,455	2,900	213			13,568
Inventory		7,764				7,764
<b>Total Assets</b>	<u>\$ 3,589,010</u>	<u>\$ 57,086</u>	<u>\$ 168,208</u>	<u>\$ 9</u>	<u>\$ 379,689</u>	<u>\$ 4,194,002</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 2,154					\$ 2,154
Wages and related benefits payable	323,286	\$ 12,125				335,411
<b>Total Liabilities</b>	<u>325,440</u>	<u>12,125</u>				<u>337,565</u>
<b>Deferred inflows of resources</b>						
Unearned revenue - property tax	<u>47,924</u>					<u>47,924</u>
<b>Fund balances</b>						
Nonspendable - inventory		7,764				7,764
Restricted						
TABOR	155,000					155,000
Insurance	39,143					39,143
Food Service		37,197				37,197
Student Activities			\$ 168,208			168,208
Debt Service				\$ 9		9
Capital Improvements					\$ 379,689	379,689
Assigned for FY22 expenditures	3,021,503					3,021,503
<b>Total Fund Balances</b>	<u>3,215,646</u>	<u>44,961</u>	<u>168,208</u>	<u>9</u>	<u>379,689</u>	<u>3,808,513</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 3,589,010</u>	<u>\$ 57,086</u>	<u>\$ 168,208</u>	<u>\$ 9</u>	<u>\$ 379,689</u>	<u>\$ 4,194,002</u>

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

**Total Fund Balance Governmental Funds** \$ 3,808,513

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	\$ 7,659,167	
Accumulated depreciation	(4,365,885)	
		<u>3,293,282</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	-	
Due in more than one year	(59,800)	
Net pension obligation	(5,332,713)	
Deferred outflows of resources related to pensions - net	1,944,006	
Deferred inflows of resources related to pensions - net	(3,096,927)	
Net OPEB plan obligation	(193,835)	
Deferred outflows of resources related to OBEB plan obligation - net	14,673	
Deferred inflows of resources related to OBEB plan obligation- net	(78,270)	
		<u>(6,802,866)</u>

**Total Net Position Governmental Activities** \$ 298,929

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, 2021

	General Fund	Food Service Fund	Student Activity Fund	Bond Redemption Fund	Capital Reserve Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>						
Current property taxes	\$ 2,162,190					\$ 2,162,190
Specific ownership taxes	125,216					125,216
Delinquent taxes and interest on taxes	9,140			\$ 119		9,259
State Equalization	926,242					926,242
State sources	162,048	\$ 663				162,711
Federal sources	595,067	78,780				673,847
Other	129,493	7,464	\$ 172,767	420	\$ 93	310,237
<b>Total Revenues</b>	<b>4,109,396</b>	<b>86,907</b>	<b>172,767</b>	<b>539</b>	<b>93</b>	<b>4,369,702</b>
<b>Expenditures</b>						
Instructional program services	1,891,518		182,183			2,073,701
Support program services						
Students	135,194					135,194
Educational Library	99,015					99,015
General administration	207,007					207,007
School administration	289,224					289,224
Business	123,176					123,176
Operations and maintenance	669,383					669,383
Student transportation	234,864					234,864
Central support	146,610					146,610
Food service operations		123,063				123,063
Other				100		100
Debt service						
Principal	228			130,000		130,228
Interest	5,190			1,300		6,490
<b>Total Expenditures</b>	<b>3,801,409</b>	<b>123,063</b>	<b>182,183</b>	<b>131,400</b>	<b>-</b>	<b>4,238,055</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in (out)	(199,975)	60,000	40,000	(206,538)	306,513	-
<b>Total Other Financing Sources (Uses)</b>	<b>(199,975)</b>	<b>60,000</b>	<b>40,000</b>	<b>(206,538)</b>	<b>306,513</b>	<b>-</b>
Excess revenue and other sources over (under) expenditures and other uses	108,012	23,844	30,584	(337,399)	306,606	131,647
<b>Fund Balance, Beginning (as restated)</b>	<b>3,107,634</b>	<b>21,117</b>	<b>137,624</b>	<b>337,408</b>	<b>73,083</b>	<b>3,676,866</b>
<b>Fund Balance, Ending</b>	<b>\$ 3,215,646</b>	<b>\$ 44,961</b>	<b>\$ 168,208</b>	<b>\$ 9</b>	<b>\$ 379,689</b>	<b>\$ 3,808,513</b>

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, 2021

**Net Change in Fund Balances Governmental Funds** \$ 131,647

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	\$	179,335	
Depreciation expense		(174,504)	
			4,831

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		135,375	
			135,375

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		388,256	
Cost of pension benefits earned net of employee contributions		1,068,287	
Support from the State of Colorado			
District OPEB contributions		19,921	
Cost of OPEB benefits earned net of employee contributions		4,328	
			1,480,792

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			5,650
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**Change in Net Position of Governmental Activities** \$ 1,758,295

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, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues from Local Sources</b>				
Current property taxes	\$ 2,272,670	\$ 2,081,750	\$ 2,162,190	\$ 80,440
Specific ownership taxes	108,003	108,003	125,216	17,213
Delinquent taxes and interest on taxes	4,000	4,000	9,140	5,140
Earnings on investments	12,000	12,000	1,988	(10,012)
Other	16,000	30,500	127,505	97,005
<b>Total Revenues from Local Sources</b>	<b>2,412,673</b>	<b>2,236,253</b>	<b>2,426,039</b>	<b>189,786</b>
<b>Revenues from State Sources</b>				
State grants from CDE				
State equalization	748,447	1,100,000	926,242	(173,758)
Transportation	36,000	36,000	37,024	1,024
Colorado library	2,000	2,000	3,500	1,500
Turnaround leaders			3,100	3,100
Small rural schools		77,600	77,579	(21)
Additional at risk		10,455	1,339	(9,116)
Colorado read act	8,000	8,000	8,332	332
State grants flow through SJBOCES				
Gifted and talented	7,000	7,000	7,031	31
Other state grants				
Vocational education	8,000	8,000	23,243	15,243
Other		900	900	-
<b>Total Revenues from State Sources</b>	<b>809,447</b>	<b>1,249,955</b>	<b>1,088,290</b>	<b>(161,665)</b>
<b>Revenues from Federal Sources</b>				
Federal grants from CDE				
Title I, Part A Grant	49,425	49,425	49,425	-
Coronavirus Relief Fund		282,070	292,525	10,455
Title II, Part A Teacher Improvement Grant	10,190	10,190	10,537	347
ESSER II Grant		21,310	21,310	-
Title IV, Part A Student Support Grant	10,000	10,000	10,000	-
ESSER I Grant		40,298	40,298	-
Other federal grants				
Title VI, Part B REAP - Summer School Grant	16,000	16,000	17,734	1,734
Stud Grant	20,500	20,500		(20,500)
Federal grants flow through SJBOCES				
Perkins Grant		13,816	6,741	(7,075)
Mineral lease	43,069	43,069	39,920	(3,149)
Federal forest	165,789	165,789	103,063	(62,726)
Division of Wildlife			3,514	3,514
<b>Total Revenues from Federal Sources</b>	<b>314,973</b>	<b>672,467</b>	<b>595,067</b>	<b>(77,400)</b>
<b>Total Revenues</b>	<b>3,537,093</b>	<b>4,158,675</b>	<b>4,109,396</b>	<b>(49,279)</b>

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
<b>Instructional Programs</b>				
Salaries	\$ 1,118,899	\$ 1,284,135	\$ 1,112,051	\$ 172,084
Employee benefits	482,054	535,006	419,029	115,977
Purchased services				
Professional and technical	15,900	27,900	12,860	15,040
Property	15,000	15,000	13,004	1,996
Other	94,500	94,571	118,268	(23,697)
Supplies	194,650	163,886	109,159	54,727
Property	59,400	102,298	102,611	(313)
Other	5,000	5,000	4,536	464
<b>Total Instructional Programs</b>	<b>1,985,403</b>	<b>2,227,796</b>	<b>1,891,518</b>	<b>336,278</b>
<b>Support Services</b>				
<b>Students</b>				
Salaries	107,500	115,152	92,196	22,956
Employee benefits	53,100	55,733	42,454	13,279
Supplies	6,500	42,100	544	41,556
Other	1,000	1,000		1,000
<b>Total Students</b>	<b>168,100</b>	<b>213,985</b>	<b>135,194</b>	<b>78,791</b>
<b>Education Library Services</b>				
Salaries	60,800	60,800	59,444	1,356
Employee benefits	31,200	31,200	31,977	(777)
Other	17,700	18,550		18,550
Supplies	5,100	5,100	7,594	(2,494)
<b>Total Education Library Services</b>	<b>114,800</b>	<b>115,650</b>	<b>99,015</b>	<b>16,635</b>
<b>General Administration</b>				
Salaries	105,900	105,900	110,925	(5,025)
Employee benefits	43,441	43,441	56,847	(13,406)
Purchased services				
Professional and technical	37,700	37,700	25,316	12,384
Property	4,000	4,000	2,425	1,575
Other	9,900	9,900	3,292	6,608
Supplies	4,000	4,000	4,128	(128)
Property	2,000	25,000	1,658	23,342
Other	8,500	8,500	2,416	6,084
<b>Total General Administration</b>	<b>215,441</b>	<b>238,441</b>	<b>207,007</b>	<b>31,434</b>

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, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>School Administration</b>				
Salaries	\$ 174,388	\$ 174,388	\$ 201,216	\$ (26,828)
Employee benefits	71,545	71,545	81,964	(10,419)
Purchased services				
Other	1,000	1,000	1,408	(408)
Supplies	1,000	1,000	91	909
Other	4,053	4,053	4,545	(492)
<b>Total School Administration</b>	<b>251,986</b>	<b>251,986</b>	<b>289,224</b>	<b>(37,238)</b>
<b>Business Services</b>				
Salaries	61,400	67,900	69,635	(1,735)
Employee benefits	25,117	26,592	27,690	(1,098)
Purchased services				
Professional and technical			18	(18)
Other	16,000	25,000	22,620	2,380
Supplies	3,000	3,000	2,452	548
Property	1,000	1,000	681	319
Other			80	(80)
<b>Total Business Services</b>	<b>106,517</b>	<b>123,492</b>	<b>123,176</b>	<b>316</b>
<b>Operations and Maintenance</b>				
Salaries	193,000	208,048	189,915	18,133
Employee benefits	111,900	87,828	81,321	6,507
Purchased services				
Property	60,400	49,500	61,138	(11,638)
Other	1,000	39,900	31,412	8,488
Supplies	145,000	157,822	132,253	25,569
Property	3,000	53,755	173,344	(119,589)
<b>Total Operations and Maintenance</b>	<b>514,300</b>	<b>596,853</b>	<b>669,383</b>	<b>(72,530)</b>
<b>Student Transportation</b>				
Salaries	162,800	162,800	134,469	28,331
Employee benefits	43,990	43,900	45,460	(1,560)
Purchased services				
Professional and technical	1,100	1,100	255	845
Property	2,000	2,000	1,946	54
Other	5,500	5,500	1,437	4,063
Supplies	69,600	69,600	46,747	22,853
Property	3,300	3,300	4,550	(1,250)
<b>Total Student Transportation</b>	<b>288,290</b>	<b>288,200</b>	<b>234,864</b>	<b>53,336</b>

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, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>Central Support</b>				
Salaries	\$ 32,000	\$ 38,234	\$ 32,285	\$ 5,949
Employee benefits	16,800	18,393	16,758	1,635
Purchased services				
Professional and technical		2,000		2,000
Property	2,000			
Other	126,410	131,444	97,567	33,877
Property				-
<b>Total Central Support</b>	<b>184,210</b>	<b>198,571</b>	<b>146,610</b>	<b>51,961</b>
<b>Other Uses</b>				
Capital Lease Payments	5,721	5,721	5,418	303
<b>Appropriated reserves</b>	<b>2,582,325</b>	<b>2,804,570</b>		<b>2,804,570</b>
<b>Total Expenditures</b>	<b>6,417,093</b>	<b>7,065,265</b>	<b>3,801,409</b>	<b>3,263,856</b>
Excess revenue over (under) expenditures	(2,880,000)	(2,906,590)	307,987	3,214,577
Transfer in - Bond Redemption Fund		206,513	206,538	25
Transfers out - Food Service Fund	(60,000)	(61,044)	(60,000)	1,044
Transfers out - Student Activity Fund		(40,000)	(40,000)	-
Transfers out - Capital Projects Fund	(100,000)	(306,513)	(306,513)	-
<b>Other Financing Sources (Uses)</b>	<b>(160,000)</b>	<b>(201,044)</b>	<b>(199,975)</b>	<b>1,069</b>
<b>Net Change in Fund Balance</b>	<b>(3,040,000)</b>	<b>(3,107,634)</b>	<b>108,012</b>	<b>3,215,646</b>
<b>Fund Balance, Beginning</b>	<b>3,040,000</b>	<b>3,107,634</b>	<b>3,107,634</b>	<b>-</b>
<b>Fund Balance, Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,215,646</b>	<b>\$ 3,215,646</b>

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, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues from Local Sources</b>				
Charges for services	\$ 14,000	\$ 14,000	\$ 7,464	\$ (6,536)
<b>Total Revenues from Local Sources</b>	<u>14,000</u>	<u>14,000</u>	<u>7,464</u>	<u>(6,536)</u>
<b>Revenues from State Sources</b>				
State grants from CDE	600	600	663	63
<b>Total Revenues from State Sources</b>	<u>600</u>	<u>600</u>	<u>663</u>	<u>63</u>
<b>Revenues from Federal Sources</b>				
National School Lunch Program Grant	35,000	35,000	17,389	(17,611)
National School Breakfast Program	6,500	7,500		(7,500)
Summer Food Distribution			58,335	58,335
Commodities	5,000	5,000	3,056	(1,944)
<b>Total Revenues from Federal Sources</b>	<u>46,500</u>	<u>47,500</u>	<u>78,780</u>	<u>31,280</u>
<b>Total Revenues</b>	<u>61,100</u>	<u>62,100</u>	<u>86,907</u>	<u>24,807</u>
<b>Expenditures</b>				
Food services				
Salaries	47,900	50,196	51,388	(1,192)
Employee benefits	27,300	28,200	25,644	2,556
Purchased services				
Property	500	500	351	149
Supplies	49,500	50,544	45,585	4,959
Property	1,000	1,000		1,000
Other			95	(95)
Appropriated reserves	6,900	3,047		3,047
<b>Total Expenditures</b>	<u>133,100</u>	<u>133,487</u>	<u>123,063</u>	<u>10,424</u>
Excess revenue over (under) expenditures	(72,000)	(71,387)	(36,156)	35,231
<b>Other Financing Sources (Uses)</b>				
Transfers in (out)	60,000	61,044	60,000	(1,044)
Excess of revenues and other sources over (under) expenditures and other uses	(12,000)	(10,343)	23,844	34,187
<b>Fund Balance, Beginning</b>	12,000	21,117	21,117	-
<b>Fund Balance, Ending</b>	<u>\$ -</u>	<u>\$ 10,774</u>	<u>\$ 44,961</u>	<u>\$ 34,187</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, 2021

	Budgeted Amounts		Actual	Variance
	Original	Budget		Favorable (Unfavorable)
<b>Revenues</b>				
Student activities	\$ 255,000	\$ 255,000	\$ 172,767	\$ (82,233)
<b>Total Revenues</b>	<u>255,000</u>	<u>255,000</u>	<u>172,767</u>	<u>(82,233)</u>
<b>Expenditures</b>				
Instruction				
Supplies	335,000	365,000	182,183	182,817
Appropriated reserves	30,925	67,624		67,624
<b>Total Expenditures</b>	<u>365,925</u>	<u>432,624</u>	<u>182,183</u>	<u>250,441</u>
Excess revenue over (under) expenditures	(110,925)	(177,624)	(9,416)	168,208
<b>Other Financing Sources (Uses)</b>				
Transfers in (out)		40,000	40,000	-
Excess of revenues and other sources over (under) expenditures and other uses	(110,925)	(137,624)	30,584	168,208
<b>Fund Balance, Beginning</b> (as restated)	110,925	137,624	137,624	-
<b>Fund Balance, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,208</u>	<u>\$ 168,208</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 NET POSITION  
PROPRIETARY FUND TYPE - ENTERPRISE FUND  
June 30, 2021**

	<u>Business-type Activities Teacherage Fund</u>
<b>Assets</b>	
<b>Current Assets</b>	
Cash in banks	\$ 51,197
<b>Total Current Assets</b>	<u>51,197</u>
<b>Noncurrent Assets</b>	
Buildings	116,209
Accumulated depreciation	(88,643)
<b>Total Noncurrent Assets</b>	<u>27,566</u>
<b>Total Assets</b>	<u>78,763</u>
<b>Liabilities</b>	
<b>Net Position</b>	
Net investment in capital assets	27,566
Unrestricted	51,197
<b>Total Net Position</b>	<u>\$ 78,763</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, 2021

	<u>Business-type Activities</u> <u>Teachrage Fund</u>
<b>Operating Revenues</b>	
Rents	\$ 17,470
<b>Total Operating Revenues</b>	<u>17,470</u>
<b>Operating Expenses</b>	
Purchased services	
Property	4,213
Supplies	7,792
Depreciation	1,028
<b>Total Operating Expenses</b>	<u>13,033</u>
Operating income (loss)	<u>4,437</u>
<b>Nonoperating Revenues (Expenses)</b>	
Local sources	
Earnings on investments	49
<b>Total Nonoperating Revenues (Expenses)</b>	<u>49</u>
Income (loss) before operating transfers	<u>4,486</u>
Net Income (Loss)	4,486
<b>Net Position, Beginning</b>	74,277
<b>Net Position, Ending</b>	<u>\$ 78,763</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, 2021

	<u>Business-type</u> <u>Activities</u> <u>Teachorage</u> <u>Fund</u>
<b>Cash Flows from Operating Activities</b>	
Cash received for and rents	\$ 17,470
Cash payments to suppliers for goods and services	(12,005)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>5,465</u>
<b>Cash Flows From Investing Activities</b>	
Earnings on investments	49
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>49</u>
<b>Net increase (decrease) in cash and cash equivalents equivalents</b>	5,514
<b>Cash and Cash Equivalents, Beginning</b>	45,683
<b>Cash and Cash Equivalents, Ending</b>	<u><u>\$ 51,197</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities</b>	
Operating income (loss)	\$ 4,437
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	1,028
Total adjustments	<u>1,028</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>\$ 5,465</u></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, 2021

### **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, 2021

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 has no fiduciary 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, 2021

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. Major revenue sources include local property taxes, specific ownership taxes, and the Colorado Department of Education equalization funding, as determined by the School Finance Act of 1994, as amended. Expenditures include all costs associated with the daily operation of the schools, except for programs funded by certain capital outlay expenditures, food service expenditures, extracurricular athletic and pupil activities, and insurance transactions.

**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.

**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, 2021

### 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, 2021

### **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 number of vacation days 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, 2021

### 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, 2021

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 (FNP) and additions to/deductions from the FNP 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. Most of these changes were in effect as June 30, 2021.

### **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 (FNP) 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, 2021

### **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.

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.

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

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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. The District has no investments exposed to credit risk.

On June 30, 2021, 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.

COLOTRUST is rated AAAM from Standard and Poor's. Financial statements for COLOTRUST may be obtained at [www.colotrust.com](http://www.colotrust.com).

On June 30, 2021, the carrying amount of the District's cash and investments was \$4,043,370. The District's bank balances were \$2,578,060 and COLOTRUST balances were \$1,579,904. The District's bank balances on June 30, 2021 and during the year ended June 30, 2021 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.

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

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021

**Note 3 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2021 follows:

	Capital Assets			Capital Assets
	<u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2021</u>
Governmental Activities				
Buildings and Improvements	\$ 6,290,826	\$ 145,937		\$ 6,436,763
Equipment	1,189,006	33,398		1,222,404
Less Accumulated Depreciation	(4,191,381)	(174,504)		(4,365,885)
Total Governmental Activities	<u>3,288,451</u>	<u>4,831</u>	<u>-</u>	<u>3,293,282</u>
Business-type Activities				
Buildings and Improvements	116,209			116,209
Equipment	-			-
Less Accumulated Depreciation	(87,615)	(1,028)		(88,643)
Total Business-type Activities	<u>28,594</u>	<u>(1,028)</u>	<u>-</u>	<u>27,566</u>
Total District	<u>\$ 3,317,045</u>	<u>\$ 3,803</u>	<u>\$ -</u>	<u>\$ 3,320,848</u>

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

Transportation	\$ 35,490
Operations and Maintenance	4,313
Unallocated	134,701
Total depreciation governmental activities	<u>\$ 174,504</u>

**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 \$335,411, is reflected as an accrued expense on June 30.



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

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021

**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. This bond was paid in full during this fiscal year ending June 30, 2021.

**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. This lease was paid in full during this fiscal year ending June 30, 2021

**Changes in Long-Term Debt**

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

Description	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
General Obligation Bonds				
Series 2014	\$ 130,000		\$ (130,000)	\$ -
Capital Lease Expeditions	5,375		(5,375)	-
Accrued Sick Leave	65,450		(5,650)	59,800
 Total	 \$ 200,825	 \$ -	 \$ (141,025)	 \$ 59,800

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

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021

**Note 6 - Inter-fund Operating Allocations/Transfers**

A summary of Inter-fund balances are as follows:

Allocations	In	Out
Governmental Activities		
General Fund		\$ 75,000
Insurance Reserve	\$ 75,000	
 Total Allocations	\$ 75,000	\$ 75,000
 Transfers	In	Out
Governmental Activities		
General Fund	\$ 206,538	\$ 406,513
Food Service Fund	60,000	
Student Activity Fund	40,000	
Capital Projects Fund	306,513	
Bond Redemption Fund		206,538
 Total Transfers	\$ 613,051	\$ 613,051

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. \$39,143 is restricted in the General Fund.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**Food Service** is the amounts to be used for future food service of the District. \$37,197 is restricted in the Food Service Fund.

**Student Activities** is the amounts to be used for future student activities of the District. \$168,208 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 \$9 in the Bond Redemption Fund.

**Capital Improvements** is the amounts to be used for future capital improvements of the District. \$379,689 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	\$ 3,021,503
Total	<u><u>\$ 3,021,503</u></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.

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

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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	\$ 7,472,822	\$ 4,207,922	\$ 3,264,900
Food Service Fund	\$ 133,487	\$ 123,063	\$ 10,424
Student Activity Fund	\$ 432,624	\$ 182,183	\$ 250,441
Bond Redemption Fund	\$ 338,396	\$ 337,938	\$ 458
Capital Projects Fund	\$ 379,596	\$ -	\$ 379,596
Business-type Activities			
Teacherage Fund	\$ 57,283	\$ 12,005	\$ 45,278

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](http://www.sjboces.org) The District had no debt with BOCES at year end.

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

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

### 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](http://www.copera.org/investments/pera-financial-reports).

**Benefits Provided** – as of December 31, 2020. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. §24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 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, 2021. 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 10.00 percent of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below:

	July 1, 2020 Through June 30, 2021
Employer contribution rate	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
<b>Total employer contribution rate to the SCHDTF</b>	<b>19.38%</b>

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

As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million (actual dollars) each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and the Denver Public Schools Division Trust Fund. House Bill (HB) 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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 \$388,256 for the year ended June 30, 2021.

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

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

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-413, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation.

On June 30, 2021, the District reported a liability of \$5,332,713 for its proportionate share of the net pension liability. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 5,332,713
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	-
Total	<u>\$ 5,332,713</u>

On December 31, 2020, the District's proportion was .0352739682 percent, which was an increase of .0035331309 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$(1,456,542) and revenue of \$0 for the support from the State as a nonemployer contributing entity. On June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 293,006	
Changes in assumptions or other inputs	512,990	\$ 896,384
Net difference between projected and actual earnings on pension plan investments	372,460	1,546,312
Changes in proportion and differences between contributions recognized and proportionate share of contributions	565,802	654,231
Contributions subsequent to the measurement date	199,748	
 Total	 <u>\$ 1,944,006</u>	 <u>\$ 3,096,927</u>

\$199,748 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2022	\$ (1,102,263)
2023	59,489
2024	(124,715)
2025	(185,180)
 Total	 <u>\$ (1,352,669)</u>

**Actuarial Assumptions** – The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs:



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

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50%–9.70%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06 <sup>1</sup>	Financed by the AIR

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

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

Post-retirement 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

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

The actuarial assumptions used the December 31, 2019, 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.

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

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

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2021

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

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

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

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

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

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

- **Males:** 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

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

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

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021

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

<sup>1</sup> The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

**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 3.00 percent.
- Employee contributions were assumed to be made at the current member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total services for future plan members
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

- 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. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State’s 2020-21 fiscal year.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SCHDTF’s FNP 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 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)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Proportionate share of the net pension liability	\$ 7,274,257	\$ 5,332,713	\$ 3,714,766

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](http://www.copera.org/investments/pera-financial-reports)

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

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

### **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](http://www.copera.org/investments/pera-financial-reports).

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District has not agreed to match employee contributions. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2021, program members contributed \$4,404 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 (Annual Report) that can be obtained at [www.copera.org/investments/per-financial-reports](http://www.copera.org/investments/per-financial-reports).

**Benefits provided.** The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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 maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from District were \$19,241 for the year ended June 30, 2021.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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

At June 30, 2021 the District reported a liability of \$193,835 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The District proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the District proportion was .0203988168 percent, which was a decrease of .0003453233 percent from its proportion measured as of December 31, 2020.

For the year ended June 30, 2021 the District recognized OPEB expense of \$(24,249). At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 514	\$ 42,614
Changes in assumptions or other inputs	1,448	11,886
Net difference between projected and actual earnings on pension plan investments	2,462	10,380
Changes in proportion and differences between contributions recognized and proportionate share of contributions		13,390
Contributions subsequent to the measurement date	10,249	
Total	\$ 14,673	\$ 78,270

\$10,249 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:



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

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2021

Year ended June 30,	
2022	\$ (18,447)
2023	(17,339)
2024	(18,795)
2025	(13,836)
2026	(5,104)
2027	(325)
 Total	 <u><u>\$ (73,846)</u></u>

**Actuarial assumptions.** The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% in 2020, gradually increasing to 4.50% in 2029

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

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

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021

**Initial Costs for Members  
without Medicare Part A**

<b>Medicare Plan</b>	<b>Monthly Cost</b>	<b>Monthly Premium</b>	<b>Monthly Cost Adjusted to Age 65</b>
Medicare Advantage/Self-Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

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

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, 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 used to measure the total OPEB liability are summarized in the table below:

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

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021

<b>Year</b>	<b>PERACare Medicare Plans</b>	<b>Medicare Part A</b>
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were 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 School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

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

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021

- **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.

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

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

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

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

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

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

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

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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

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

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

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

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

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

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

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

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

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

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

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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

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

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

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

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

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

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

The following health care costs assumptions were updated and used in the roll forward calculation for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2021

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

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

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

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

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

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

<sup>1</sup> The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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 nominal rate of return assumption of 7.25 percent.

**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	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB liability	\$ 222,041	\$ 193,835	\$ 169,734

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.



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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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

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

**Sensitivity of the District 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	\$ 188,825	\$ 193,835	\$ 199,667

*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](http://www.copera.org/investments/pera-financial-reports).

**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 CDSSIP 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.

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

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

#### **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

#### **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.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2021

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	2021
Contractually required contributions	\$ 269,556	\$ 293,595	\$ 315,493	\$ 353,622	\$ 344,390	\$ 343,863	\$ 363,502	\$ 388,256
Contributions in relation to the contractually required contribution	269,556	293,595	315,493	353,622	344,390	343,863	363,502	388,256
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	\$ 1,952,992
Contributions as a percentage of covered payroll	15.98%	16.89%	17.74%	18.38%	18.88%	19.13%	19.38%	19.88%

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

Notes to Required Supplemental Information

66 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	2021
District's proportion of the net pension liability	0.04099029%	0.04059932%	0.04057857%	0.04109908%	0.04074981%	0.32533821%	0.03174084%	0.03527397%
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	\$ 5,332,713
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	\$ 5,332,713		
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	\$ 1,952,992
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%	273.05%
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%	66.99%

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.

**DOLORS 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	2021
Contractually required contributions	\$ 19,620	\$ 18,604	\$ 18,335	\$ 19,132	\$ 19,921
Contributions in relation to the statutory contractually contribution	19,620	18,604	18,335	19,132	19,921
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 1,923,600	\$ 1,823,894	\$ 1,797,486	\$ 1,875,657	\$ 1,952,992
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%

\* 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.

**DOLOROS 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	2021
District's proportion of the net OPEB plan liability	0.23361242%	0.23153882%	0.02114714%	0.02074414%	0.02039882%
District's proportionate share of the Net OPEB plan liability	\$ 302,886	\$ 300,908	\$ 287,716	\$ 233,164	\$ 193,835
District's covered payroll	\$ 1,923,600	\$ 1,823,894	\$ 1,788,557	\$ 1,875,657	\$ 1,952,992
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%	9.93%
Plan fiduciary net position as a percentage of the total OPEB plan liability	20.07%	21.25%	17.03%	24.49%	32.78%

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, 2021

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

These statements and schedules include:

Budgetary Comparison Schedules

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, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues</b>				
Delinquent taxes and interest on taxes			\$ 119	\$ 119
Earnings on investments	\$ 4,000	\$ 1,000	420	(580)
<b>Total Revenues</b>	<u>4,000</u>	<u>1,000</u>	<u>539</u>	<u>(461)</u>
<b>Expenditures</b>				
Other				
Purchased services				
Professional and technical	300	300	100	200
Debt Service				
Principal	140,000	140,000	130,000	10,000
Interest	3,000	3,000	1,300	1,700
Appropriated reserves	190,700	195,096		195,096
<b>Total Expenditures</b>	<u>334,000</u>	<u>338,396</u>	<u>131,400</u>	<u>206,996</u>
Excess revenue and other sources over (under) expenditures and other uses	(330,000)	(337,396)	(130,861)	206,535
<b>Other Financing Sources (Uses)</b>				
Transfers in (out)			(206,538)	(206,538)
Excess of revenues and other sources over (under) expenditures and other uses	(330,000)	(337,396)	(337,399)	(3)
<b>Fund Balance, Beginning</b>	330,000	337,396	337,408	12
<b>Fund Balance, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 9</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, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues from Local Sources</b>				
Earnings on investments			\$ 93	\$ 93
<b>Total Revenues from Local Sources</b>			<u>93</u>	<u>93</u>
<b>Expenditures</b>				
Facility				
Professional services	\$ 20,000	\$ 20,000	-	20,000
Property	100,000	100,000	-	100,000
Appropriated reserves	50,000	259,596	-	259,596
<b>Total Expenditures</b>	<u>170,000</u>	<u>379,596</u>	<u>-</u>	<u>379,596</u>
Excess revenue over (under) expenditures	(170,000)	(379,596)	93	379,689
<b>Other Financing Sources (Uses)</b>				
Transfers in (out)	100,000	306,513	306,513	-
Excess of revenues and other sources over (under) expenditures and other uses	(70,000)	(73,083)	306,606	379,689
<b>Fund Balance, Beginning</b>	70,000	73,083	73,083	-
<b>Fund Balance, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 379,689</u>	<u>\$ 379,689</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, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>Operating Revenues</b>				
Rents	\$ 11,500	\$ 11,500	\$ 17,470	\$ 5,970
<b>Total Operating Revenues</b>	11,500	11,500	17,470	5,970
<b>Operating Expenses</b>				
Purchased services				
Property	8,300	8,300	4,213	4,087
Supplies	15,000	15,000	7,792	7,208
<b>Total Operating Expenses</b>	23,300	23,300	12,005	11,295
Operating income (loss)	(11,800)	(11,800)	5,465	17,265
<b>Nonoperating Revenues (Expenses)</b>				
Local sources				
Earnings on investments	100	100	49	(51)
Appropriated reserves	(30,300)	(33,983)		33,983
<b>Changes in Net Position Non GAAP Basis</b>	(42,000)	(45,683)	5,514	51,197
Less depreciation expense			(1,028)	(1,028)
<b>Net Position, Beginning</b>	42,000	45,683	74,277	28,594
<b>Net Position, Ending</b>	\$ -	\$ -	\$ 78,763	\$ 78,763



**Colorado Department of Education**

**Auditors Integrity Report**

District: 0890 - Dolores County RE No.2

Fiscal Year 2020-21

Colorado School District/BOCES

**Revenues, Expenditures, & Fund Balance by Fund**

Fund Type & Number	Governmental	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
10	General Fund	3,062,804	3,834,422	-	3,176,504
18	Risk Mgmt Sub-Fund of General Fund	44,830	75,000	80,687	39,143
19	Colorado Preschool Program Fund	0	0	0	0
	<b>Sub- Total</b>	<b>3,107,634</b>	<b>3,909,422</b>	<b>3,801,410</b>	<b>3,215,646</b>
11	Charter School Fund	0	0	0	0
20,26-29	Special Revenue Fund	0	0	0	0
06	Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07	Total Program Reserve Fund	0	0	0	0
21	Food Service Spec Revenue Fund	21,117	146,908	123,063	44,961
22	Govt Designated-Purpose Grants Fund	0	0	0	0
23	Pupil Activity Special Revenue Fund	137,624	212,767	182,183	168,208
24	Full Day Kindergarten Mill Levy Override	0	0	0	0
25	Transportation Fund	0	0	0	0
31	Bond Redemption Fund	337,408	-206,000	131,400	9
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	73,083	306,606	0	379,689
46	Supplemental Cap Const, Tech, Main Fund	0	0	0	0
	<b>Totals</b>	<b>3,676,865</b>	<b>4,369,704</b>	<b>4,238,056</b>	<b>3,806,513</b>
50	Other Enterprise Funds	74,277	17,519	13,033	78,763
64 (63)	Risk-Related Activity Fund	0	0	0	0
60,65-69	Other Internal Service Funds	0	0	0	0
	<b>Totals</b>	<b>74,277</b>	<b>17,519</b>	<b>13,033</b>	<b>78,763</b>
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
	<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FINAL

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