Calhan School District RJ-1
Calhan, Colorado

Financial Statements

For the Year Ended
June 30, 2020

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Independent Auditor's Report

Board of Education
Calhan School District RJ-1

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Calhan School District RJ-1 (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary information on page 40, Schedule of District's Proportionate Share of the Net Pension Liability on page 34, Schedule of District's Proportionate Share of the Other Post-Employment Benefits on page 35, and Schedule of Contributions and Related Ratios on pages 36 and 37 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.

Management has elected to omit the management's discussion and analysis. 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. The omission of this information does not affect our opinion on the basic financial statements.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, such as the combining and individual nonmajor fund financial statements, including budget and actual statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

rfarmer, llc
February 17, 2021

BASIC FINANCIAL STATEMENTS

Calhan School District
Statement of Net Position
June 30, 2020

	Governmental Activities-- Total
ASSETS	
Cash and Equivalents	$ 1,939,828
Receivables	125,496
Inventories	6,132
Capital Assets:	
Site	92,868
Site Improvements	467,769
Buildings	9,277,609
Equipment	770,452
Transportation	1,086,693
Less: Accumulated Depreciation	(4,325,356)
Total Capital Assets	7,370,035
DEFERRED OUTFLOWS OF RESOURCES	
Pension Plan	1,636,263
Total Assets	11,077,754
LIABILITIES	
Accounts payable and accrued expenses	277,602
Unearned Revenues	344,414
Long-term liabilities	
Due in more than one year	
Net Pension Liability	7,593,620
Total liabilities	8,215,636
DEFERRED INFLOWS OF RESOURCES	
Pension differences	4,900,102
NET POSITION	
Net investment in capital assets	7,370,035
Restricted:	
TABOR	136,955
Unrestricted	(9,544,974)
Total net position	$ (2,037,984)

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

Calhan School District
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities--Total
Primary government					
Governmental Activities					
Instructional:					
Instructional	$ 1,904,372	$ 26,586	$ 756,263	$ -	$ (1,121,523)
Pupil Services	77,540	-	-	-	(77,540)
General Administratiion	144,612	-	-	-	(144,612)
School Administration	485,200	-	-	-	(485,200)
Student Activities	152,128	108,000	-	-	(44,128)
Total Instructional	2,763,852	134,586	756,263	-	(1,873,003)
Support Services:					
Accounting	203,554	-	-	-	(203,554)
Operatioins and Maintenance	385,776	-	-	-	(385,776)
Pupill Transportation	399,632	-	-	-	(399,632)
Districtwide Costs	706,208	234,377	-	78,779	(393,052)
Food Service	201,632	33,565	172,965	-	4,898
Total Support Services	1,896,802	267,942	172,965	78,779	(1,377,116)
Total governmental activities	4,660,654	402,528	929,228	78,779	(3,250,119)

General revenues:	
Taxes:	
Property taxes, levied for general purposes	$ 1,112,302
Specific ownership, general	143,937
State & federal aid not restricted to specific functions:	
State equalization/Per pupil revenue	3,131,176
Unrestricted investment earnings	13,169
Miscellaneous	191,921
Special item - gain (loss) on sale of assets	674
Total general revenues, special items, and transfers	4,593,179
Change in net position	1,343,060
Net position - beginning	(3,381,044)
Net position - ending	$ (2,037,984)

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

Calhan School District
Balance Sheet
Governmental Funds
June 30, 2020

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,772,763	$ 32,077	$ 134,988	$ 1,939,828
Taxes receivable, net	43,275	-	-	43,275
Other receivables	82,221	-	-	82,221
Inventories	-	-	6,132	6,132
Total assets	1,898,259	32,077	141,120	2,071,456
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	70,777	-	-	70,777
Unearned revenue	328,389	11,387	4,637	344,413
Other accrued expenses	204,892	-	1,934	206,826
Total liabilities	604,058	11,387	6,571	622,016
Fund balances:				
Non-spendable inventory	-	-	6,132	6,132
Committed capital projects funds	-	20,690	-	20,690
Restricted-TABOR	136,955	-	-	136,955
Unassigned	1,157,246	-	-	1,157,246
Committed, reported in non-major:				
Special revenue funds	-	-	128,417	128,417
Total fund balances	1,294,201	20,690	134,549	1,449,440
Total liabilities and fund balances	$ 1,898,259	$ 32,077	$ 141,120	$ 2,071,456

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

Calhan School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2020

Total fund balance, governmental funds	$	1,449,440
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		7,370,035
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position: Pension Plan Deferred Outflow		1,636,263
Some liabilities, (such as Notes Payable, Long-term Compensated Absences, Net Pension Liability, Pension Differences-Deferred Outflow and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		(12,493,722)
Net Position of Governmental Activities in the Statement of Net Position	$	(2,037,984)

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

Calhan School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes	$ 1,112,302	$ -	$ -	$ 1,112,302
SO Tax	143,937	-	-	143,937
Student Activities	-	-	108,000	108,000
Intergovernmental	3,887,439	-	172,965	4,060,404
Charges for services	26,586	-	267,942	294,528
Investment earnings	11,991	550	628	13,169
Miscellaneous	191,921	78,779	-	270,700
Total revenues	5,374,176	79,329	549,535	6,003,040
EXPENDITURES				
Instructional:				
Pupil services	77,540	-	152,128	229,668
Instructional	2,982,136	-	-	2,982,136
General administration	144,612	-	-	144,612
School administration	485,200	-	-	485,200
Accounting	203,554	-	-	203,554
Operations & maintenance	299,679	28,610	-	328,289
District wide costs	607,776	-	-	607,776
Total Instructional	4,800,497	28,610	152,128	4,981,235
Support Services:				
Food services	-	-	200,055	200,055
Pupil Transportation	356,645	-	212,889	569,534
Capital Outlay	12,202	77,361	-	89,563
Total Expenditures	5,169,344	105,971	565,072	5,840,387
Excess (deficiency) of revenues over expenditures	204,832	(26,642)	(15,537)	162,653
OTHER FINANCING SOURCES (USES)				
Transfers in	-	35,000	60,000	95,000
Transfers out	(86,000)	-	(9,000)	(95,000)
Total other financing sources and uses	(86,000)	35,000	51,000	-
SPECIAL ITEM				
Proceeds from sale of assets	-	10,000	-	10,000
Net change in fund balances	118,832	18,358	35,463	172,653
Fund balances - beginning	1,175,369	2,332	99,086	1,276,787
Fund balances - ending	$ 1,294,201	$ 20,690	$ 134,549	$ 1,449,440

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

Calhan School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

Net change in fund balances - total governmental funds:	$	172,653
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlay of $89,563 is less than depreciation of $302,798 in the current period.		(213,235)
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in Net Position differs from the change in fund balance by the cost of the asset sold.		(18,652)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
Net difference between PERA pension and OPEB actual expense contributions		1,392,968
Loss on Disposal of Assets		9,326
Change in net position of governmental activities	$	1,343,060

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

NOTES TO THE FINANCIAL STATEMENTS

Calhan School District RJ-1
Calhan, Colorado
Notes to the Financial Statements
June 30, 2020

Note 1 Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The District is a political subdivision of the State of Colorado which is governed by an elected board of 5 members. A summary of the Calhan School District RJ-1's significant accounting policies applied in the preparation of these financial statements follows.

Reporting Entity

The Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the school as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. The District is considered to be a primary government because it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments.

This report includes all funds of Calhan School District RJ-1.

Basis of Presentation

Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the school district. As a general rule, the effect of interfund activity has been eliminated from these statements.

The statement of activities demonstrates the degree to which the direct expenses of given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are also provided in the report for all of the governmental funds and the fiduciary funds of the district. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The District reports the following major governmental funds:

> The general fund is the district's primary operating fund. It accounts for all financial resources except those required to be in another fund.
>
> The capital projects fund accumulates funds to pay for capital projects.

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 fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets less total liabilities) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

The 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. "Measurable" means the amount of the transaction can be determined and "available" means collectible with the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Revenues from federal, state, and other grants designated for payment of specific school district expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Budgets and Budgetary Accounting

All funds must have budgets to be allowed expenditures. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at year end.

Budget Calendar

Submission of a proposed budget to the Board of Education is due by May 31. On June 10 or within ten days after submission of the proposed budget, a notice shall be published stating the proposed budget is on file and available for inspection. The last date for final adoption of the budget and appropriation resolution is June 30. January 31 is last date to change adopted budget. By December 15, the Board of Education certifies to County Commissioners the mill levy against the assessed valuation for the general and bond redemption funds.

The legal level of budgetary control is at the individual fund level.

Encumbrances

Encumbrance accounting where purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.

Assets, Liabilities and Fund Balances/Net Position

Deposits

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to deposit funds in institutions who are members of the Federal Deposit Insurance Corporation to the extent that the deposit is insured or is secured by pledge of eligible collateral as required by CRS 11-10.5-107.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds.

Accounts receivable and property taxes receivables are shown at gross. Uncollectibles have not been material.

Inventories

The purchase method is used to account for inventories in the governmental funds. Under this method, inventories are recorded as expenditures when purchased.

A physical inventory was taken as of June 30, 2020 for the Food Services special revenue fund. The inventory consisted of government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies were both valued at cost using the first-in, first-out (FIFO) method.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the school district as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation.

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

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Site Improvements	7 – 30
Buildings	10 – 50
Equipment	5 – 25
Vehicles	7 – 10

The District does not have any infrastructure assets.

Compensated Absences

All employees are allowed from 9 to 12 days per year. Upon retirement in accordance with PERA, employees may be paid up to 30 days at the current substitute pay. No liability deemed necessary.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds issuance costs are reported as deferred charges and amortized over the term of the debt.

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure. Actual results could differ from those estimates.

Fund Balances and Net Position

In the government-wide, net position are classified in the following categories:

> Invested in Capital Assets – this category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding debt balances that are attributable to the acquisition, construction or improvement of these assets reduce this category.
>
> Reserved Net position – indicates that portion of net position which has been legally segregated for specific purposes or is not available for appropriation.
>
> Unreserved Net position – represents the amount which is not reserved for any purpose and is available for appropriation and expenditure in future periods.

When restricted and unrestricted funds are available, restricted are deemed first spent.

In the fund financial statements, fund balances of governmental funds are classified in the following categories:

> Nonspendable – amounts that cannot be spent because they are either in nonspendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of a permanent fund which is required to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale.

Restricted – when constraints placed on the use of resources either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's Board of Directors. These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

Assigned – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or the Superintendent who has been delegated the authority to assign amounts to be used for specific purposes.

Unassigned – the residual for the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount.

When committed, assigned, or unassigned funds are available, committed is first spent, then assigned.

Note 2 Stewardship, Compliance, and Accountability

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

The voters of the District passed a ballot question in November of 1996 which allows them to retain the excess revenue received for the 1996-1997 year and future years.

The District is in compliance with Financial Policies and Procedures Handbook prepared by the Colorado Department of Education.

The Insurance fund and Capital Project funds overspent their budget which may be a violation of Colorado Revised Statutes.

Note 3 **Detailed Notes on all Funds and Account Groups**

Deposits and Investments - displayed on the balance sheets as "Cash in Bank" and "Certificates of Deposit".

The Colorado Public Deposit Protection Act (PDPA) requires that all political subdivisions of the State deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The Colorado Division of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial Credit Risk - the risk that, in the event of bank failure, the District's deposits may not be returned to it. The District does not have a written deposit policy for custodial credit risk.

At June 30, 2020, the District's cash deposits had a bank balance and carrying balance as follows:

	Carrying Balance
Insured	$ 250,000
Deposits uncollateralized in Institution pools	1,689,828
Total Deposits	$ 1,939,828

Accrued Property Taxes Receivable - the amount budgeted for the current year, not yet collected.

Property Tax Calendar - taxes are levied by December 15, tax bills are mailed January 1 of the following year, creating an enforceable lien on the property. If paid by installments of one-half each, the first is due February 28, the second June 15. If paid in one payment, the due date is April 30. Taxes are delinquent if not paid by those dates.

Changes in General Fixed Assets - a summary of changes in the District general fixed assets follows:

	Balance 07/01/2019	Increases	Decreases	Balance 06/30/2020
Governmental Activities:				
Site	$ 92,868	$ -	$ -	$ 92,868
Site Improvements	455,567	12,202	-	467,769
Building	9,277,609	-	-	9,277,609
Equipment	717,391	53,061	-	770,452
Transportation	1,081,361	24,300	(18,968)	1,086,693
Total	11,624,796	89,563	(18,968)	11,695,391
Less Accumulated Depreciation:				
Site Improvements	(268,687)	(16,280)	-	(284,967)
Building	(2,476,223)	(205,218)	-	(2,681,441)
Equipment	(469,212)	(38,313)	-	(507,525)
Transportation	(818,078)	(42,987)	9,642	(851,423)
Total	(4,032,200)	(302,798)	9,642	(4,325,356)
Governmental Activities Capital Assets, Net	$ 7,592,596	$ (213,235)	$ (9,326)	$ 7,370,035

Depreciation expense for the governmental activities was allocated $35,044 to Transportation, $243,092 to Instruction, and $1,472 to Food Service.

Note 4 Other Information

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 has joined Colorado School District Self Insurance Pool (CSDSIP), a public entity risk pool currently operating as a common risk management and insurance program for members. The District pays an annual premium to CSDSIP for its liability, property and casualty, vehicle, mechanical and crime insurance coverage. The intergovernmental agreement of formation of CSDSIP provides that the Pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

The District carries commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Accrued Salaries and Benefits Payable - teachers and certain other instructional employees are budgeted and paid over a twelve-month period from September 1 to

August 31 but are earned over a school year of approximately a nine-month period. The salaries earned but not paid at June 30 are shown as an accrued liability.

The General Fund transferred $25,000 to the Self Insurance Fund, $26,000 to Capital Projects Fund, and $35,000 to Student Activity Special Revenue Fund for operating purposes. The Student Activity Fund transferred $9,000 to the Capital Projects Fund for operating purposes.

Defined Benefit Pension Plan

<u>Summary of Significant Accounting Policies</u>

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

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

<u>General Information About the Pension Plan</u>

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

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

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.

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

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.

- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance base on life expectancy and other actuarial factors.

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

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

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, and all 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. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contributions provisions as of June 30, 2020: Eligible employees of, the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq. and§ 24-51-413. Eligible employees are required to contribute 8. 75 percent of their PERA-includable salary during the period of July 1, 2019 through June 30, 2020. Employer contribution requirements are summarized in the table below:

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

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

As specified in C.R.S. § 24-52-413, the State is required to contribute $225 million each year to the 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 Trust Fund, and Denver Public Schools Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

Subsequent to the SCHDTF's December 31, 2019, measurement date, HB 20-1279 *Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year,* was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1 ,2020, $225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were $534,900 for the year ended June 30, 2020.

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

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

At June 30, 2020, the District reported a liability of $7,062,288 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total proportion of the net pension liability that was associated with the District were as follows:

The District's proportionate share of the net pension liability	$ 7,062,288

At December 31, 2019, the District's proportion was 0.047272%, which is approximately the same as its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of $223,389 and revenue of $60,208 for support from the State as a nonemployer contributing entity. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 384,899	$ -
Changes of assumptions or other inputs	201,617	3,203,386
Net difference between projected and actual earnings on pension plan investments	753,411	1,590,010
Changes in proportion and difference between contributions recognized and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	267,450	N/A
Total	$ 1,607,377	$ 4,793,396

The following presents the Trust Fund's net amount of the collective deferred outflows of resources and collective deferred inflows of resources that will be recognized in the collective pension expense for each of the subsequent five years and in the aggregate thereafter:

For the Plan Year Ended December 31,	Amounts Reported as Collective Deferred Outflows and Collective Deferred Inflows of Resources Recognized in Collective Pension Expense as Follows:
2020	$ (1,861,642)
2021	(1,322,475)
2022	15,235
2023	(284,585)
2024	-
Thereafter	$ -

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

Actuarial cost method	Entry age
Price inflation	2.40%
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 (automatic)[1]	1.25% compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

[1] *For 2019, the annual increase was 0.00 percent.*

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

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

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

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

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

The actuarial assumptions used in the December 31, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 29, 2016, Board meeting.

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

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

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and the additional 0.05 percent resulting from the 2018 AAP assessment. statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions 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.

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

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

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

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

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

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bend rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	**Current Discount Rate (7.25%)**	**1% increase (8.25%)**
Proportionate share of the net pension liability	$9,366,106	$7,062,288	$5,128,032

Pension Plan Fiduciary Net Position. Detailed information about the SCHDTF's fiduciary net position is available in PERA's CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

This pro forma information was prepared using the FNP of the SCHDTF as of December 31, 2019. Future collective net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

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

General Information About the OPEB Plan

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

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

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

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

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

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were $28,323 for the year ended December 31, 2019.

<u>OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB</u>

At December 31, 2019, the District reported a liability of $703,642 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The District proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

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

Actuarial cost method	Entry age
Price inflation	2.40%
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	5.60% in 2019, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% for 2019, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

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

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

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

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

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

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

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and 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, 2018, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

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

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.

- The morbidity assumptions were updated to reflect the assumed standard aging factors.

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

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

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

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

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

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

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

	1% Decrease in Trend Rates	**Current Trend Rates**	**1% Increase in Trend Rates**
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB liability	$518,711	$531,332	$545,918

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019 measurement date.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

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

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

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

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

	Sensitivity of the Net OPEB Liability		
Discount Rate	**6.25%**	**7.25%**	**8.25%**
Net OPEB liability	$600,778	$531,332	$471,942

At December 31, 2019, the District's proportion was .03088 percent, which is approximately the same as its proportion measured as of December 31, 2018.

For the year ended December 31, 2019, the District recognized OPEB expense of $28,323. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,763	$ 89,283
Changes of assumptions or other inputs	4,408	-
Net difference between projected and actual earnings on OPEB plan investments	8,554	17,423
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	-
Contributions subsequent to the measurement date.	14,161	N/A
Total	$ 28,886	$ 106,706

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	
2020	$ (18,850)
2021	(18,849)
2022	(16,281)
2023	(19,653)
2024	(17,306)
Thereafter	$ (1,039)

Note 5 Restatement

The district previously reported the activity of the Pupil Activity Agency Fund (Fund 74) as a fiduciary fund. Beginning in FY 2019-2020, such activity has been more appropriately reported in a special revenue fund (Fund 23). Accordingly, the newly established revenue fund reports a restated beginning balance of $90,455, which is equal to the restatement of net current assets and current liabilities previously reported in the agency fund. All remaining assets and liabilities, if any, previously reported in the agency fund are not recognized at the fund level under the modified accrual basis of accounting, and have been reclassified as assets and liabilities of the governmental activities as of July 1, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

Calhan School District RJ- 1
Schedule of the District's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2020

	For the Years Ended December 31,						
	2019	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
District's proportion (percentage) of the collective net pension liability	0.047272%	0.045054%	0.051709%	0.053280%	0.055899%	0.568124%	0.056798%
District's proportionate share of the collective pension liability	$ 7,062,288	$ 7,977,765	$ 16,720,871	$ 15,863,550	$ 8,549,392	$ 7,699,984	$ 7,054,581
Covered payroll	$ 2,776,732	$ 2,476,870	$ 2,385,275	$ 2,391,307	$ 2,439,092	$ 2,380,029	$ 2,289,705
District's proportionate share of the net pension liability as a percentage of its payroll	254.34%	322.09%	701.00%	663.38%	305.52%	323.52%	308.10%
Plan fiduciary net pension as a percentage of the total pension liability	64.52%	57.01%	43.96%	43.10%	58.20%	62.80%	64.06%

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Calhan School District RJ-1
Schedule of the District's Proportionate Share of the Net OPEB Liability
For the Year Ended June 30, 2020

	For the Years Ended December 31,			
	2019	**2018**	**2017**	**2016**
District's proportion (percentage) of the collective net pension liability	0.030882%	0.0292854554%	0.0293808620%	0.0302850537%
District's proportionate share of the collective OPEB liability	$ 347,113	$ 398,441	$ 381,834	$ 392,656
Covered payroll	$ 2,776,732	$ 2,476,870	$ 2,385,275	$ 2,391,307
District's proportionate share of the net pension liability as a percentage of its payroll	12.50%	16.09%	16.01%	16.42%
Plan fiduciary net pension as a percentage of the total OPEB liability	24.48%	17.03%	17.53%	N/A

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Calhan School District RJ-1
Schedule of Contributions and Related Rations
For the Year Ended June 30, 2020

For the Years Ended December 31,

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Statutorily required contributions	$ 487,383	$ 458,894	$ 433,073	$ 429,212	$ 414,071	$ 368,042	$ 349,377	$ 357,225	$ 330,161	$ 325,403
Contributions in relation to the statutorily required contribution	(487,383)	(458,894)	(433,073)	(429,212)	(414,071)	(368,042)	(349,377)	(357,225)	(330,161)	(325,403)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 2,547,743	$ 2,430,429	$ 2,356,279	$ 2,420,811	$ 2,452,885	$ 2,302,870	$ 2,317,762	$ 2,519,606	$ 2,487,116	$ 2,630,332
Contributions as a percentage of covered payroll	19.13%	18.88%	18.38%	17.73%	16.88%	15.98%	15.07%	14.18%	13.27%	12.37%

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Calhan School District RJ-1
Schedule of Contributions and Related Ratios OPEB
For the Year Ended June 30, 2020

	For the Years Ended December 31,			
	2019	**2018**	**2017**	**2016**
Statutorily required contributions	$ 28,323	$ 25,987	$ 24,790	$ 24,034
Contributions in relation to the statutorily required contribution	(28,323)	(25,987)	(24,790)	(24,034)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 2,776,732	$ 2,547,743	$ 2,430,429	$ 2,356,279
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

OTHER INFORMATION

Calhan School District
Balance Sheet
Other Governmental Funds
June 30, 2020

	Food Service	Insurance Fund	Activity Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 15,643	$ 47,018	$ 72,327	$ 134,988
Inventories	6,132	-	-	6,132
Total assets	21,775	47,018	72,327	141,120
LIABILITIES AND FUND BALANCES				
Liabilities:				
Deferred revenue	4,637	-	-	4,637
Other accrued expenses	1,934	-	-	1,934
Total liabilities	6,571	-	-	6,571
Fund balances:				
Non-spendable-inventories	6,132	-	-	6,132
Committed	9,072	47,018	72,327	128,417
Total fund balances	15,204	47,018	72,327	134,549
Total liabilities and fund balances	$ 21,775	$ 47,018	$ 72,327	$ 141,120

Calhan School District

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	Food Service	Insurance Fund	Activity Fund	Total-Other Governmental Funds
REVENUES				
Student Activities	$ -	$ -	$ 108,000	$ 108,000
Intergovernmental	172,965	-	-	172,965
Charges for services	33,565	234,377	-	267,942
Investment earnings	98	530	-	628
Total revenues	206,628	234,907	108,000	549,535
EXPENDITURES				
Instructional:				
Student activities	-	-	152,128	152,128
Food Services	200,055	-	-	200,055
Insurance costs	-	212,889	-	212,889
Total Expenditures	200,055	212,889	152,128	565,072
Excess (deficiency) of revenues over expenditures	6,573	22,018	(44,128)	(15,537)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	25,000	35,000	60,000
Transfers out	-	-	(9,000)	(9,000)
Total other financing sources and uses	-	25,000	26,000	51,000
Net change in fund balances	6,573	47,018	(18,128)	35,463
Fund balances - beginning	8,631	-	90,455	99,086
Fund balances - ending	$ 15,204	$ 47,018	$ 72,327	$ 134,549

INDIVIDUAL FUND FINANCIAL STATEMENTS

Calhan School District
Budget and Actual
General
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual
REVENUES			
Property Taxes	$ 1,361,522	$ 1,165,059	$ 1,112,302
SO Taxes	125,902	125,902	143,937
Intergovernmental	3,494,225	3,650,442	3,887,439
Charges for services	39,500	39,500	26,586
Investment earnings	16,300	16,300	11,991
Miscellaneous	256,634	138,663	191,921
Total revenues	5,294,083	5,135,866	5,374,176
EXPENDITURES			
Instructional:			
Pupil services	77,839	77,839	77,540
Instructional	2,678,757	2,894,541	2,982,136
General administration	144,516	144,516	144,612
School administration	475,396	475,396	485,200
Accounting	190,022	190,022	203,554
Operations & maintenance	269,681	269,681	299,679
District wide costs	578,128	578,128	607,776
Pupil Transportation	366,050	366,050	356,645
Capital Outlay	30,000	30,000	12,202
Contingency	249,427	249,427	-
Total Expenditures	5,059,816	5,275,600	5,169,344
Excess (deficiency) of revenues over expenditures	234,267	(139,734)	204,832
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(69,000)	(87,072)	(86,000)
Total other financing sources and uses	(69,000)	(87,072)	(86,000)
Net change in fund balances	165,267	(226,806)	118,832
Fund balances - beginning	1,175,368	1,566,335	1,175,369
Fund balances - ending	$ 1,340,635	$ 1,339,529	$ 1,294,201

Calhan School District
Budget and Actual
Food Service
For the year ended June 30, 2020

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Intergovernmental	$ 148,967	$ 192,017	$ 172,965
Charges for services	39,250	39,150	33,565
Investment earnings	-	100	98
Total revenues	188,217	231,267	206,628
EXPENDITURES			
Support Services:			
Food service	188,217	244,732	200,055
Total Expenditures	188,217	244,732	200,055
Excess (deficiency) of revenues over expenditures	-	(13,465)	6,573
OTHER FINANCING SOURCES (USES)			
Transfers in	-	5,000	-
Total other financing sources and uses	-	5,000	-
Net change in fund balances	-	(8,465)	6,573
Fund balances - beginning	8,631	8,465	8,631
Fund balances - ending	$ 8,631	$ -	$ 15,204

Calhan School District
Budget and Actual
Activity Fund
For the year ended June 30, 2020

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Student activities	$ 152,200	$ 149,000	$ 108,000
Total revenues	152,200	149,000	108,000
EXPENDITURES			
Student activities	180,173	177,117	152,128
Total Expenditures	180,173	177,117	152,128
Excess (deficiency) of revenues over expenditures	(27,973)	(28,117)	(44,128)
OTHER FINANCING SOURCES (USES)			
Transfers in	28,000	28,000	35,000
Transfers out	-	-	(9,000)
Total other financing sources and uses	28,000	28,000	26,000
Net change in fund balances	27	(117)	(18,128)
Fund balances - beginning	87,973	87,117	90,455
Fund balances - ending	$ 88,000	$ 87,000	$ 72,327

Calhan School District
Budget and Actual
Capital Projects
For the year ended June 30, 2020

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Investment earnings	$ -	$ 500	$ 550
Miscellaneous	155,000	-	78,779
Total revenues	155,000	500	79,329
EXPENDITURES			
Operations & maintenance	150,000	-	28,610
Capital Outlay	16,000	-	77,361
Total Expenditures	166,000	-	105,971
Excess (deficiency) of revenues over expenditures	(11,000)	500	(26,642)
OTHER FINANCING SOURCES (USES)			
Transfers in	16,000	-	35,000
Total other financing sources and uses	16,000	-	35,000
SPECIAL ITEM			
Proceeds from sale of capital assets	-	-	10,000
Net change in fund balances	5,000	500	18,358
Fund balances - beginning	2,332	2,332	2,332
Fund balances - ending	$ 7,332	$ 2,832	$ 20,690

Calhan School District
Budget and Actual
Insurance Fund
For the year ended June 30, 2020

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Charges for services	$ 236,495	$ 236,495	$ 234,377
Investment earnings	3,500	3,500	530
Total revenues	239,995	239,995	234,907
EXPENDITURES			
Noninstructional Services:			
Insurance costs	210,462	210,462	212,889
Total Expenditures	210,462	210,462	212,889
Excess (deficiency) of revenues over expenditures	29,533	29,533	22,018
OTHER FINANCING SOURCES (USES)			
Transfers in	25,000	25,000	25,000
Total other financing sources and uses	25,000	25,000	25,000
Net change in fund balances	54,533	54,533	47,018
Fund balances - beginning	-	-	-
Fund balances - ending	$ 54,533	$ 54,533	$ 47,018

Colorado Department of Education

Auditors Integrity Report

District: 0970 - Calhan RJ-1

Fiscal Year 2019-20

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type &Number		Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses -	= 6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental					
10	General Fund	1,175,368	5,288,175	5,169,342	1,294,201
18	Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19	Colorado Preschool Program Fund	0	0	0	0
	Sub- Total	**1,175,368**	**5,288,175**	**5,169,342**	**1,294,201**
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	8,631	206,628	200,055	15,204
22	Govt Designated-Purpose Grants Fund	0	0	0	0
23	Pupil Activity Special Revenue Fund	90,455	134,000	152,128	72,328
24	Full Day Kindergarten Mill Levy Override	0	0	0	0
25	Transportation Fund	0	0	0	0
31	Bond Redemption Fund	0	0	0	0
39	Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41	Building Fund	0	0	0	0
42	Special Building Fund	0	0	0	0
43	Capital Reserve Capital Projects Fund	2,332	124,329	105,971	20,690
46	Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals		**1,276,787**	**5,753,133**	**5,627,496**	**1,402,423**
Proprietary					
50	Other Enterprise Funds	0	0	0	0
64 (63)	Risk-Related Activity Fund	0	25,530	-21,488	47,018
60,65-69	Other Internal Service Funds	0	0	0	0
Totals		**0**	**25,530**	**-21,488**	**47,018**
Fiduciary					
70	Other Trust and Agency Funds	0	0	0	0
72	Private Purpose Trust Fund	0	0	0	0
73	Agency Fund	0	0	0	0
74	Pupil Activity Agency Fund	89,482	0	89,482	0
79	GASB 34:Permanent Fund	0	0	0	0
85	Foundations	0	0	0	0
Totals		**89,482**	**0**	**89,482**	**0**

FINAL

2/23/21