

cPa DIXON, WALLER & CO., INC.

FREMONT COUNTY SCHOOL

DISTRICT NUMBER RE-2

FLORENCE, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2020

DIXON, WALLER & CO., INC.

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FINANCIAL STATEMENTS

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**FREMONT COUNTY SCHOOL DISTRICT RE-2
ROSTER OF SCHOOL OFFICIALS
June 30, 2020**

BOARD OF EDUCATION

Linda Schmidt	President
Brad Knifong	Vice-President
Andy Franklin	Treasurer
Janelle Dodd	Secretary
Lee Vigil	Director

SCHOOL OFFICIALS

Brenda Krage	Superintendent
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FINANCIAL SECTION

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TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

INDEPENDENT AUDITOR'S REPORT

**Board of Education
Fremont County School
District Number RE-2
Florence, Colorado 81226**

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Fremont County School District Number RE-2, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance 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, budgetary comparison information and pension and post employment benefits trend data on pages i through vii, and 47 through 56 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 Fremont County School District Number RE-2's basic financial statements. The combining and individual fund financial statements, other schedules, and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The combining and individual fund financial statements, other schedules, state required schedules and the schedule of expenditures of federal awards 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 combining and individual fund financial statements, other schedules, state required schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020, on our consideration of Fremont County School District Number RE-2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Fremont County School District Number RE-2's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fremont County School District Number RE-2's internal control over financial reporting and compliance.


December 16, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fremont RE-2 School District Management's Discussion and Analysis

As management of the Fremont RE-2 School District, we offer readers of the District's Comprehensive Annual Financial Report this narrative and analysis of the financial activities of the District for the fiscal year ending June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information provided in the Independent Auditor's report.

Financial Highlights

- ❑ The primary government has government-wide net position deficit of (\$17,126,421) at the end of the current fiscal year due to the net pension liability of over \$20.1 million dollars
- ❑ Governmental activities have an unassigned fund balance of over \$10,711,001.
- ❑ Fund balance of the District's governmental funds increased by \$2,096,661 resulting in an ending fund balance of \$10,711,001. The General Fund balance increased from a beginning balance of \$5,606,730 to an ending balance of \$6,982,487. There are monies kept in the Non-Restricted Projects Fund (a subset of the General Fund), but are currently not available for the day-to-day operations of the District.
- ❑

Overview of the Financial Statements

The Management's discussion and analysis is intended to be an introduction into the District's basic financial statements. The prior year's statements are provided for comparison. The Fremont RE-2 School District's basic financial statements are comprised of three components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to basic financial statements

The Management's Discussion and Analysis also contains other supplemental information.

Government-Wide Financial Statements

The financial statements provided are designed to supply the reader an overview of the District's financial activities similar to those statements used in the private sector. The government-wide statements relate to those activities directly related to the education of the students.

The statement of net assets presents information on all of the District's assets and liabilities. The difference between the two is reported as net assets. Changes in net assets from year-to-year may be used as an indicator of the overall financial position of the District.

The statement of activities presents the current fiscal year revenues and expenses to show how the net assets of the district changed during the year. In the statement of activities, changes in net assets are recorded when the event occurs. This could mean that information may be reported for revenues and expenses that will result in cash flow differences in future fiscal years.

Governmental activities consolidate all of the following Fremont RE-2 School District funds: general fund, Colorado preschool fund, governmental designated-purpose grants fund, capital reserve fund, insurance reserve fund, general capital projects fund, pupil activity fund, non-restricted projects fund and bond redemption fund. Business-type activities include only the food service fund.

Fund Financial Statements

Fund financial statements are designed to display compliance with finance-related legal requirements. A fund is a grouping of related accounts designed to keep control over resources segregated for specific activities or objectives. The Fremont RE-2 School District, like other governments, uses fund accounting to guarantee and prove compliance. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds account for the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements emphasize short-term financial resources and fund balances (spendable resources available at the end of the fiscal year). Such information is used to evaluate the District's short-term financing requirements. Comparison of the governmental funds with the government-wide funds may allow the reader to better understand the long-term impact of the District's near-term financing decisions.

Fremont RE-2 School District maintains three different governmental funds called major funds: the General fund (which combines the District's general operating fund, insurance reserve fund, general capital projects fund, non-restricted project fund and Colorado preschool fund), the Bond Redemption Fund and the Designated Purpose Grants fund. They are presented separately in the fund financial statements with the remaining governmental funds (combined into a single aggregated presentation labeled other governmental funds). Other governmental funds, called non-major funds, include the District's Capital Reserve fund and the Pupil Activity fund. Individual fund information for the non-major funds is presented as other supplemental information after the notes section of this report.

The District adopts an annual appropriated budget for each of the individual governmental funds. A budgetary comparison schedule for the general fund is included in the fund financial statements to demonstrate compliance with the adopted budget. The remaining governmental funds budgetary comparisons are reported as other supplemental information and can be found after the notes section of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held by the District for parties outside of the District. Fiduciary funds are not reflected in the government-wide financial statements because these sources of those funds are not available to support Fremont RE-2 School District's direct educational programs. The accounting method used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to understanding the data supplied in the government-wide and fund financial statements.

Other Information

In addition to the financial statements and accompanying notes, this report also contains other supplemental information concerning the District's non-major governmental funds. The combining statements of the non-major governmental funds are presented after the notes to the financial statements.

Government-Wide Financial Analysis

Government-Wide Net Position

The assets of the Fremont RE-2 School District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenditures are current assets. These assets are available to provide resources for the near-term operations of the District. Capital assets are used in the operations of the District. These assets include land, buildings, equipment and vehicles.

**Fremont RE-2 School District
Net Position**

	Net Position	
	Governmental Activities	
	FY 20	FY 19
	<u> </u>	<u> </u>
ASSETS		
Current and Other Assets	13,758,306	10,611,210
Capital Assets	<u>10,123,008</u>	<u>11,579,640</u>
Total Assets	<u>23,881,314</u>	<u>22,190,850</u>
Deferred Outflows	<u>4,789,302</u>	<u>9,526,470</u>
LIABILITIES		
Current and Other Liabilities	3,132,676	3,577,860
Long Term Liabilities	<u>26,807,340</u>	<u>30,740,463</u>
Total Liabilities	<u>29,940,016</u>	<u>34,318,323</u>
Deferred Inflows	<u>15,857,021</u>	<u>20,207,495</u>
NET POSITION		
Net Investment in Capital Assets	4,420,482	4,534,419
Restricted for:		
Tabor Reserve	447,000	403,000
Debt Service	2,834,704	2,620,471
Food Service	573,095	313,273
Preschool	89,541	28,617
Unrestricted	<u>(25,491,243)</u>	<u>(30,708,278)</u>
	<u>(17,126,421)</u>	<u>(22,808,498)</u>

Government-Wide Activities

Governmental activities increased the net assets of the District by \$5,515,959 during the current fiscal year ending June 30, 2020.

	Changes in Net Position	
	Governmental Activities	
	FY 20	FY 19
Revenues		
Charges for Services	596,577	56,783
Operating Grants and Contributions	2,549,800	2,903,866
Capital Grants and Contributions	-	-
Property taxes	4,536,563	4,105,545
Specific Ownership Taxes	667,878	695,334
Equalization	8,819,842	8,181,109
Earnings on investments	135,839	181,670
Other Revenues	103,952	67,071
Sale of Assets	515,000	-
TOTAL REVENUES	17,925,451	16,191,378
Expenses		
Instructional services	9,467,435	9,391,670
Supporting services:		
Students	900,959	689,096
Instructional staff	147,099	76,866
District administration	700,046	641,784
School administration	913,549	921,489
Business	172,285	181,567
Operation and maintenance of facilities	1,729,969	1,823,363
Transportation	753,038	906,625
Central	264,508	228,568
Other	86,918	-
Food Service	686,753	694,536
Capital outlay	21,454	170,911
Interest and Fees	164,435	200,561
Pension and OPEB Changes	(3,598,956)	(2,898,783)
TOTAL EXPENSES	12,409,492	13,028,253
Increase (Decrease in Net Position)	5,515,959	3,163,125

	Total Cost of Service		Net Cost of Service	
	FY 20	FY 19	FY 20	FY 19
Instructional services	9,467,435	9,391,670	(7,815,795)	(7,376,487)
Supporting services:				
Students	900,959	689,096	(576,160)	(689,096)
Instructional staff	147,099	76,866	(147,099)	(76,866)
District administration	700,046	641,784	(700,046)	(641,784)
School administration	913,549	921,489	(913,549)	(921,489)
Business	172,285	181,567	(172,285)	(181,567)
Operation and maintenance of facilities	1,729,969	1,823,363	(1,697,670)	(1,823,363)
Transportation	753,038	906,625	(573,101)	(777,258)
Central	264,508	228,568	(264,508)	(228,568)
Other	86,918	-	(86,918)	-
Food Service	686,753	694,536	270,949	121,563
Capital outlay	21,454	170,911	(21,454)	(170,911)
Interest and Fees	164,435	200,561	(164,435)	(200,561)
Pension and OPEB Changes	<u>(3,598,956)</u>	<u>(2,898,783)</u>	<u>3,598,956</u>	<u>2,898,783</u>
Total	<u>12,409,492</u>	<u>13,028,253</u>	<u>(9,263,115)</u>	<u>(10,067,604)</u>

CAPITAL ASSETS

Capital Assets (Net of Depreciation)	Governmental 2019-2020	Governmental 2018-2019
Land & Sites	1,007,850	1,007,850
Buildings & Improvements	8,818,735	10,166,897
Equipment & Vehicles	294,686	401,415
Food Service	1,737	3,478
Total Capital Assets	<u>10,123,008</u>	<u>11,579,640</u>

Business-Type Activities

Business-type activities of the District's accounts have been changed to Special Revenue Activities per state requirement for the 2018-2019 fiscal year.

Financial Analysis of the Government Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of Fremont RE-2 School District's net resources available for spending at the end of the fiscal year.

The combined general fund is the major governmental fund of Fremont RE-2 School District. The combined general fund under GASB 34 reporting requirements includes the general fund, non-restricted projects fund, the insurance reserve fund, the general capital projects fund, the Colorado preschool fund, and the food service fund. As of June 30, 2020, the combined general fund shows an ending fund balance of \$6,982,487 up from the combined fund balance of \$5,606,730 for the prior year.

General Fund Budgetary Highlights

Fremont RE-2 School District began budget development for the 2019-2020 fiscal year in February 2019 with preliminary analysis of salary requirements related to teacher negotiations. After reviewing enrollment projections and the most current revenue assumptions, the Superintendent and her senior staff prepared a preliminary budget by prioritizing the needs expressed in the hearings' process. Teacher, administrative, and classified employees' salary increases were put into effect as stated in the District's Negotiated Agreement. It was decided to give step increases to all employees who were eligible. The preliminary budget was presented to the Board of Education in May 2019. Adoption of the 2019-2020 District budget occurred in June of 2019 with a Final Budget adopted in December of 2019.

Capital Assets and Debt Administration

The District's investment in capital assets for its business-type activities has been combined with the general fixed assets as of July 1, 2020. The amount capitalized has decreased dramatically due to funding.. The District spent over \$18,000,000 on the construction of a new high school. The investments were made possible due to the passage of a \$22,000,000 bond in November 2003. The Bond Redemption schedule is not to exceed \$1,920,000 per year for the 20 years from 2004-2023. During the 2006-2007 fiscal year, \$9,465,000 in 2004 General Obligations Bonds were refinanced to take advantage of lower interest rates on longer term bonds. The refinancing provided the district a present value savings of \$384,582, which translates into a projected Net Future Value Savings of \$607,345. Additionally in 2015 the District refinanced the 2006 G.O. Bonds for an accumulative savings of over \$1,000,000. Additional information on the District's capital assets can be found in this report.

CHANGES IN LONG TERM DEBT	Balance <u>7/1/2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/2020</u>
Vehicle Lease	70,221		32,695	37,526
G.O. Bonds Series 2015	6,975,000		1,310,000	5,665,000
Totals	7,045,221	-	1,342,695	5,702,526

Long Term Liabilities

The District has a long term debt liability which is not due or payable during this period. The District's portion of the net pension obligation for PERA is reported on the statement of net position and not as a liability in the funds. The amount obligated to PERA is \$20,115,632.

Economic Factors and Next Year's Budgets

The General Fund fund balance demonstrates that the District is financially stable. The District continues to be in a situation of declining enrollment but has made the necessary adjustments to keep expenditures in line with revenues. In light of the current economy in the State of Colorado, and the fact that the majority of the District's revenue is flow through money from State Equalization, the District along with the Eastern Fremont Education Association and the Classified Association agreed to fund incremental raises for the 2019-2020 school year.

It is our opinion that the District's revenue stream for the General Fund will continue to drop drastically over the next several years. The District continues to be in a state of declining enrollment and over the past few years Amendment 23 has helped stabilize the revenue stream. Amendment 23 guarantees that K-12 funding will be increased at a rate of the Denver-Boulder CPI plus 1%. In past years, inflation increased so funding has stayed level with declining enrollment (stable revenues). For the budget year 2016-2017, the inflation rate is 1.9%, but is expected to remain the same in 2018-19. The CPI for 2018-2019 was a negative percentage (deflation) of 2.1%. In spite of Amendment 23, state funding for schools has continued to decline.

As a result of the prolonged economic conditions that exist in the state, the State of Colorado has been unable to fully fund school districts beginning with school year 2009-2010. The actual funded Total Program for school districts has declined 8.26% from the high in 2009-2010. The continued gap in funding has created a projected negative factor of 12.795% for the 2015-2016 school year. The district was not required to make any cuts for the current 2018-2019 school year. The future negotiations between District and the Associations will be important to the financial stability of the District. The other governmental funds should not be affected by the economy as they are all tied to property tax revenues generated by mill levies.

Requests for Information

This financial report is designed to provide a general overview of the Fremont RE-2 School District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Jacque Corsentino, Director of Business Services
Fremont RE-2 School District
403 W. 5th Street
Florence, Colorado 81226

BASIC FINANCIAL STATEMENTS

FREMONT COUNTY SCHOOL DISTRICT RE-2
STATEMENT OF NET POSITION
June 30, 2020

	Governmental	Total
	Activities	Total
<u>ASSETS</u>		
Cash and Equivalents	12,714,771	12,714,771
Accounts Receivable	19,668	19,668
Accrued Revenue	292,089	292,089
Property Taxes Receivable	701,550	701,550
Inventories	30,228	30,228
Capital Assets	38,378,862	38,378,862
Accumulated Depreciation	(28,255,854)	(28,255,854)
	-	-
<u>Total Assets</u>	<u>23,881,314</u>	<u>23,881,314</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Pensions	4,571,255	4,571,255
Other Post Employment Benefits	80,559	80,559
Deferred Refunding	137,488	137,488
<u>Total Deferred Outflow of Resources</u>	<u>4,789,302</u>	<u>4,789,302</u>
<u>LIABILITIES</u>		
Accounts Payable	129,368	129,368
Accrued Salaries	1,317,424	1,317,424
Accrued Interest Payable	17,750	17,750
Compensated Absences	304,183	304,183
Unearned Revenues	1,029,363	1,029,363
Unamortized Bond Premium	334,588	334,588
Debt – Within 1 Year	1,391,604	1,391,604
Debt – More Than 1 Year	4,310,922	4,310,922
Net Pension Liability	20,115,632	20,115,632
Net OPEB Liability	989,182	989,182
<u>Total Liabilities</u>	<u>29,940,016</u>	<u>29,940,016</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Pensions	15,654,096	15,654,096
Other Post Employment Benefits	202,925	202,925
<u>Total Deferred Inflow of Resources</u>	<u>15,857,021</u>	<u>15,857,021</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	4,420,482	4,420,482
Restricted for:		
TABOR Reserve	447,000	447,000
Preschool	89,541	89,541
Debt Service	2,834,704	2,834,704
Food Service	573,095	573,095
Unrestricted	(25,491,243)	(25,491,243)
<u>TOTAL NET POSITION</u>	<u>(17,126,421)</u>	<u>(17,126,421)</u>

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

	<u>Net (Expenses) Revenue and Changes in Net Position</u>			
	<u>Program Revenues</u>		<u>Primary Government</u>	
	<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total</u>
<u>FUNCTIONS</u>				
Instructional Services	9,467,435	1,584,029	-	(7,815,795)
Supporting Services:				
Students	900,959	-	-	(576,160)
Instructional Staff	147,099	-	-	(147,099)
District Administration	700,046	-	-	(700,046)
School Administration	913,549	-	-	(913,549)
Business	172,285	-	-	(172,285)
Operation & Maintenance				
of Facilities	1,729,969	-	-	(1,697,670)
Transportation	753,038	179,937	-	(573,101)
Central	264,508	-	-	(264,508)
Facility	-	-	-	-
Food Service	686,753	785,834	-	270,949
Other	86,918	-	-	(86,918)
Capital Outlay	21,454	-	-	(21,454)
Interest and Fees	164,435	-	-	(164,435)
Pension and OPEB Changes	(3,598,956)	-	-	3,598,956
<u>Total Governmental Activities</u>	<u>596,577</u>	<u>2,549,800</u>	<u>-</u>	<u>(9,263,115)</u>
<u>Total School District</u>	<u>596,577</u>	<u>2,549,800</u>	<u>-</u>	<u>(9,263,115)</u>
<u>General Revenues</u>				
Property Taxes Levied for General Purpose	4,536,563			4,536,563
Specific Ownership Taxes	667,878			667,878
Equalization	8,819,842			8,819,842
Earnings on Investments	135,839			135,839
Sale of Assets	515,000			515,000
Other Revenues	103,952			103,952
<u>Total General Revenues</u>	<u>14,779,074</u>			<u>14,779,074</u>
<u>Change in Net Position</u>	<u>5,515,959</u>			<u>5,515,959</u>
<u>Net Position, Beginning, (as Restated)</u>	<u>(22,642,380)</u>			<u>(22,642,380)</u>
<u>Net Position, Ending</u>	<u>(17,126,421)</u>			<u>(17,126,421)</u>

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	<u>General</u>	<u>Bond</u>	<u>Designated Purpose Grants</u>
<u>ASSETS</u>			
Cash and Equivalents	8,754,378	2,799,479	315,777
Accounts Receivable	14,003	-	-
Accrued Revenue	121,934	-	170,155
Due From Other Funds	14,475	-	13,163
Property Taxes Receivable	422,700	278,850	-
Inventories	-	-	-
<u>Total Assets</u>	<u>9,327,490</u>	<u>3,078,329</u>	<u>499,095</u>
<u>LIABILITIES</u>			
Accounts Payable	129,340	-	28
Accrued Salaries	1,224,207	-	55,120
Due To Other Funds	76,434	14,475	-
Other Payables	-	-	-
Unearned Revenues	573,022	-	443,947
<u>Total Liabilities</u>	<u>2,003,003</u>	<u>14,475</u>	<u>499,095</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Property Taxes	<u>342,000</u>	<u>229,150</u>	<u>-</u>
<u>FUND BALANCES:</u>			
Nonspendable:			
Inventories	-	-	-
Restricted for:			
Emergencies	447,000	-	-
Preschool	89,541	-	-
Debt Service	-	2,834,704	-
Food Service	-	-	-
Committed for:			
Capital Outlay	3,135,204	-	-
Insurance	15,040	-	-
Assigned for:			
Pupil Activities	-	-	-
Unassigned	3,295,702	-	-
<u>Total Fund Balances</u>	<u>6,982,487</u>	<u>2,834,704</u>	<u>-</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>			
	<u>9,327,490</u>	<u>3,078,329</u>	<u>499,095</u>

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

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
845,137	12,714,771
5,665	19,668
-	292,089
63,271	90,909
-	701,550
<u>30,228</u>	<u>30,228</u>
<u>944,301</u>	<u>13,849,215</u>
-	129,368
38,097	1,317,424
-	90,909
-	-
<u>12,394</u>	<u>1,029,363</u>
<u>50,491</u>	<u>2,567,064</u>
<u>-</u>	<u>571,150</u>
30,228	30,228
-	447,000
-	89,541
-	2,834,704
573,095	573,095
-	3,135,204
-	15,040
290,487	290,487
-	<u>3,295,702</u>
<u>893,810</u>	<u>10,711,001</u>
<u>944,301</u>	<u>13,849,215</u>

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

**FREMONT COUNTY SCHOOL DISTRICT RE-2
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
June 30, 2020**

Amounts reported for governmental activities in the statement of net position are different because:

TOTAL FUND BALANCE – GOVERNMENTAL FUNDS	10,711,001
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$38,378,862 and the accumulated depreciation is \$28,255,854.	10,123,008
Property tax revenues is recognized when earned (claim to resources established) rather than when “available”. All of the deferred property tax revenue is not available in the fund financial statements.	571,150
Compensated absences are not reported as a liability in the funds.	(304,183)
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(5,702,526)
Accrued interest on long term debt is not reported in the funds.	(17,750)
Unamortized bond premium is not reported in the funds.	(334,588)
Deferred Refunding is not reported in the funds.	137,488
The District’s portion of the net pension liability for PERA is reported on the statement of net position is not reported as a liability in the funds.	(20,115,632)
The District’s portion of the net OPEB liability reported on the statement of net position is not reported as a liability in the funds.	(989,182)
Deferred flows for contributions made toward the net pension liability from December 31, 2019 until June 30, 2020 is not reported in the funds.	754,713
Deferred flows for contributions made toward the net OPEB liability from December 31, 2019 until June 30, 2020 is not reported in the funds.	39,722
Net deferred pension flows – Plan Level	(9,836,571)
Net deferred pension flows – Employer Level	(2,000,983)
Net deferred OPEB flows – Plan Level	(171,240)
Net deferred OPEB flows – Employer Level	<u>9,152</u>
<u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u>	<u>(17,126,421)</u>

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	<u>General</u>	<u>Bond</u>	<u>Designated Purpose Grants</u>
<u>REVENUES</u>			
Property Taxes	2,803,711	1,721,502	-
Specific Ownership Taxes	667,878	-	-
Earnings on Investments	99,471	36,368	-
Other Local Sources	253,898	10,449	36,489
State Aid	9,614,408	-	171,803
Federal Aid	291,192	-	409,431
<u>Total Revenues</u>	<u>13,730,558</u>	<u>1,768,319</u>	<u>617,723</u>
<u>EXPENDITURES</u>			
Current:			
Instructional Services	7,549,027	-	617,723
Supporting Services:			
Students	540,825	-	-
Instructional Staff	143,888	-	-
District Administration	700,046	-	-
School Administration	907,513	-	-
Business	171,839	-	-
Operation & Maintenance of Facilities	1,717,885	-	-
Transportation	668,978	-	-
Central	264,508	-	-
Other	86,918	-	-
Food Service	-	-	-
Debt Service:			
Principal	-	1,310,000	-
Interest and Fees	-	244,086	-
Capital Outlay	21,454	-	-
<u>Total Expenditures</u>	<u>12,772,881</u>	<u>1,554,086</u>	<u>617,723</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>957,677</u>	<u>214,233</u>	<u>-</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	(96,920)	-	-
Sale of Assets	515,000	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>418,080</u>	<u>-</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>1,375,757</u>	<u>214,233</u>	<u>-</u>
<u>FUND BALANCES, Beginning (as Restated)</u>	<u>5,606,730</u>	<u>2,620,471</u>	<u>-</u>
<u>FUND BALANCES, Ending</u>	<u>6,982,487</u>	<u>2,834,704</u>	<u>-</u>

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

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
-	4,525,213
-	667,878
-	135,839
500,610	801,446
21,463	9,807,674
<u>760,428</u>	<u>1,461,051</u>
<u>1,282,501</u>	<u>17,399,101</u>
-	8,166,750
353,856	894,681
-	143,888
-	700,046
-	907,513
-	171,839
-	1,717,885
-	668,978
-	264,508
-	86,918
685,012	685,012
-	1,310,000
-	244,086
-	<u>21,454</u>
<u>1,038,868</u>	<u>15,983,558</u>
<u>243,633</u>	<u>1,415,543</u>
96,920	-
-	<u>515,000</u>
<u>96,920</u>	<u>515,000</u>
340,553	1,930,543
<u>553,257</u>	<u>8,415,721</u>
<u>893,810</u>	<u>10,346,264</u>

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
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

Amounts reported for governmental activities in the statement of activities are different because:

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS **1,930,543**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Outlays more than \$5,000	-	
Depreciation Expense	<u>(1,456,632)</u>	(1,456,632)

Property tax revenues received prior to the year for which they are being levied or are not “available” at year end are reported as deferred revenue in the governmental funds. They are, however recorded as revenues in the statement of activities. Deferred property tax revenues changed this year. 11,350

In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, compensated absences changed by this amount. 9,396

The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. The effect of premiums, discounts and deferred refunding amounts are recognized when the debt is issued in governmental funds, whereas these amounts are deferred and amortized in the statement of activities. Interest expense is recognized as it accrues in the statement of activities regardless of when it is due. The net effect of these differences follows:

Principal Payment		1,342,695
Interest Expense		4,350
Deferred Refunding Amount		(52,527)
Bond Premium		127,828

The statement of activities reports changes in net pension and OPEB obligations and related deferred flows which are not reported in the fund financial statements.

Change in Net Pension Liability		3,731,314
Change in Net OPEB Liability		201,809
Deferred Flows from Net Pension Liability		(148,907)
Deferred Flows from Net OPEB Liability		<u>(185,260)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **5,515,959**

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
STATEMENT OF FIDUCIARY NET POSITION
TRUST AND AGENCY FUNDS
June 30, 2020

	<u>Scholarship Trust Fund</u>
<u>ASSETS</u>	
Cash and Investments	1,798,642
Due From Other Funds	-
Accrued Interest	-
Deposits Held by Others	-
<u>Total Assets</u>	<u>1,798,642</u>
<u>LIABILITIES</u>	
Other	-
<u>Total Liabilities</u>	<u>-</u>
<u>NET POSITION</u>	
Restricted for Scholarship	<u>1,798,642</u>

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
BUDGET AND ACTUAL
For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Scholarship Trust Fund</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>ADDITIONS</u>			
Other Local	-	46,000	46,000
Earnings on Investments	79,500	66,263	(13,237)
Unrealized Gain on Investments	-	-	-
<u>Total Additions</u>	<u>79,500</u>	<u>112,263</u>	<u>32,763</u>
<u>DEDUCTIONS</u>			
Scholarships	210,000	118,250	91,750
Fees	22,000	19,482	2,518
Unrealized Loss on Investments	50,000	20,927	29,073
Other	<u>1,642,539</u>	-	<u>1,642,539</u>
<u>Total Deductions</u>	<u>1,924,539</u>	<u>158,659</u>	<u>1,765,880</u>
<u>NET DECREASE</u>	(1,845,039)	(46,396)	
<u>NET POSITION – BEGINNING OF YEAR</u>	<u>1,845,039</u>	<u>1,845,038</u>	
<u>NET POSITION – END OF YEAR</u>	<u>-</u>	<u>1,798,642</u>	

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

NOTES TO BASIC FINANCIAL STATEMENTS

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Fremont County School District RE-2 (District) conform with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

The District operates under an elected Board of Education with five members.

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Fremont County School District RE-2. The District receives funding from local, state, and federal government sources and must comply with requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A. Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14 (as amended by Statements No. 34, No. 39 and No. 61), *"The Financial Reporting Entity"* (GASB No. 14) describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

This District is not included in any other governmental "reporting entity" as defined in GASB No. 14 and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basic financial statements present the District (the primary government) and its component units.

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. Government-Wide and Fund Financial Statements

The 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 District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the 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. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds (General Fund, Designated Purpose Grant Fund and Bond Funds) and individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule 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 fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unassigned fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

All governmental fund types use 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 within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end.

Property and automotive ownership taxes are reported as receivables and deferred revenue when levied and as revenues when due for collection in the following year and determined to be available.

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due and certain accrued sick and personal pay which are accounted for as expenditures when expected to be liquidated with expendable available financial resources.

Proprietary fund types are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus in these funds is on the flow of economic resources and emphasizes the determination of net income. All assets and all liabilities associated with their activity are included on their statements of position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred flows, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

• **Major Governmental Funds**

1. **General Fund** – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
2. **Bond Redemption Debt Service Fund** – used to account for the accumulation of resources for, and the payment of, long term general obligation debt principal, interest, and related costs.
3. **Governmental Designated – Purpose Grants Fund** – this fund is provided to maintain a separate accounting for federal and state grant funded programs which normally have a different fiscal period than that of the District.

Additionally, the District reports the following fund type:

Trust and Agency Funds

Scholarship Trust Fund – this fund is used to award scholarships to students of the District.

E. Cash and Investments

Cash represents amounts on deposit with financial institutions or held by the District. The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

F. Receivables

Property taxes levied in 2019 but uncollected in 2020 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2020 are recorded as deferred inflows, and are presented net of an allowance for uncollectible taxes. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

G. Inventories

Materials and supplies inventories are stated at cost. Inventories recorded in the Food Services Fund consist of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt.

The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed.

H. Capital Assets

Capital assets, which include property, vehicles and equipment, are utilized for general District operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental fund types are sold, the proceeds of the sale are recorded as revenues in the appropriate fund. The District does not capitalize interest on the construction of capital assets in governmental funds. However, the District does capitalize interest on the construction of capital assets in business-type activities.

The monetary threshold for capitalization of assets is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-40 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition and any remaining depreciation is recorded in the year of disposition.

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position. The District records long-term debt of governmental funds at the face value. General obligation bonds are serviced from property taxes and other revenues of the Debt Service Fund. Capital leases are serviced from property taxes and other revenues of the General Fund. The long-term accumulated unpaid accrued sick leave is serviced from property taxes and other revenues by the respective fund type from future appropriations.

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

J. Constitutional Amendment

In November 1992, Colorado voters approved Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer’s Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations, which apply to the State of Colorado and local governments. It requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any entity.

On November 5, 1996 the registered voters approved a ballot resolution authorizing Fremont County School District RE-2 to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased or any new tax be imposed.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2020 the District reserved \$447,000 for this purpose.

Spending and revenue limits are determined based on the prior fiscal year’s spending adjusted for inflation in the prior calendar year plus annual increases in funded student enrollment. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions.

K. Property Taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2019 property tax calendar for Fremont County was as follows:

Levy Date	December 15, 2019
Lien Date	January 1, 2020
Tax Bills Mailed	January 1, 2020
First Installment Due	February 28, 2020
Second Installment Due	June 15, 2020
If Paid in Full, Due	April 30, 2020
Tax Sale – 2018 Delinquent Property Taxes	October 25, 2019

L. Accumulated Sick Leave

Compensated absences are made up of accumulated sick leave reported as non-current liabilities in the government-wide financial statements. As of June 30, 2020, the District has recorded an estimated liability of \$304,183 relating to accrued sick leave payable.

A summary of changes in compensated absences is as follows:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
Accumulated Sick Leave	<u>313,579</u>	<u> -</u>	<u>9,396</u>	<u>304,183</u>

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

M. Use of 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 of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

N. GASB Statement No. 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the District's highest level of decision-making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The District's Committed Fund Balance is fund balance reporting required by the School Board, either because of a School Board Policy in the School Board Policy Manual, or because of motions that passed at School Board meetings.

Assigned Fund Balance Policy:

The District's Assigned Fund Balance is fund balance reporting occurring by School Board Administration authority, under the direction of the Chief Business Officer.

FREMONT COUNTY SCHOOL DISTRICT RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

N. **GASB Statement No. 54 (Continued)**

Order of Fund Balance Spending Policy

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Bond Fund</u>	<u>Food Service</u>	<u>Pupil Activities</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>					
Inventories	-	-	30,228	-	30,228
<u>Restricted:</u>					
Emergencies	447,000	-	-	-	447,000
Preschool	89,541	-	-	-	89,541
Debt Service	-	2,834,704	-	-	2,834,704
Food Service	-	-	573,095	-	573,095
<u>Committed:</u>					
Capital Outlay	3,135,204	-	-	-	3,135,204
Insurance	15,040	-	-	-	15,040
<u>Assigned:</u>					
Pupil Activities	-	-	-	290,487	290,487
<u>Unassigned</u>	<u>3,295,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,295,702</u>
<u>Total Fund Balances</u>	<u>6,982,487</u>	<u>2,834,704</u>	<u>603,323</u>	<u>290,487</u>	<u>10,711,001</u>

O. **Deferred Outflows / Inflows of Resources**

In addition to assets, the statement of financial position and the balance sheet 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 that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position and the balance sheet 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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

FREMONT COUNTY SCHOOL DISTRICT RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 2 **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities.

	Items Eliminated	
	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>
General Fund	76,434	14,475
Designated Grants	-	13,163
Food Service	-	63,271
Bond Fund	<u>14,475</u>	<u>-</u>
	<u>90,909</u>	<u>90,909</u>

	Items Eliminated	
	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	-	96,920
Pupil Activities	<u>96,920</u>	<u>-</u>
	<u>96,920</u>	<u>96,920</u>

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 **BUDGETARY INFORMATION**

Revenues and expenditures are controlled by budgetary accounting systems in accordance with various legal requirements. The budgeted revenues and expenditures represent the original adopted budget as subsequently adjusted by the Board of Education in accordance with Colorado School Laws. Budgets are generally prepared on the same basis as that used for accounting purposes.

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Business Manager submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund, Special Revenue Funds and Debt Service Funds.
6. Budgets for the General, Special Revenue and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets have been adopted for Trust and Agency Funds.

All appropriations lapse at the end of each fiscal year. Authorization to transfer budgeted amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent of Schools and may be delegated to an appropriate level of management. Revisions and/or supplemental appropriations that alter the total expenditures of any fund must be approved by the Board of Education.

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year.

NOTE 4 **CASH AND INVESTMENTS**

Deposits

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government 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 determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

FREMONT COUNTY SCHOOL DISTRICT RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 4 **CASH AND INVESTMENTS (Continued)**

Deposits (Continued)

At June 30, 2020, the District's bank balance and corresponding carrying balance were as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	500,000	500,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	1,723,403	1,812,245
Cash with County Treasurer	177,988	-
Cash with Fiscal Agent	2,751,409	-
ColoTrust – Cash Equivalent	7,606,671	-
Cash on Hand	2,275	-
<u>Total Cash and Deposits</u>	<u>12,761,746</u>	<u>2,312,245</u>

As presented above, deposits with a bank balance of \$1,812,245 and a carrying balance of \$1,723,403, as of June 30, 2020 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

Investments

At June 30, 2020, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Raymond James Investment	-	1,751,667

Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities for managing possible fair value losses due to increasing interest rates.

Credit Risk – State Law limits the type of investments allowable.

Investments Held by Fiduciary Scholarship Trust Fund – The scholarship trust fund has various investments held by Raymond James which are subject to market fluctuations and have been marked to market at 6/30/20. An unrealized loss of \$20,927 was recorded at year end. These investments are insured under SPIC up to \$500,000. The District is not responsible for the investment of these funds.

Concentration of Credit Risk – the District has no policy restricting the amount that can be invested in any issuer.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2020:

- Raymond James Investment of \$1,751,667 is valued using quoted market prices (Level 1 inputs)

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 **CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

Governmental Activities

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>Capital Assets Not Being</u>				
<u>Depreciated</u>				
Land	1,007,850	-	-	1,007,850
Construction In Progress	-	-	-	-
<u>Total Capital Assets Not Being</u>				
<u>Depreciated</u>	<u>1,007,850</u>	<u>-</u>	<u>-</u>	<u>1,007,850</u>
<u>Capital Assets Being</u>				
<u>Depreciated</u>				
Buildings & Site Improvements	33,817,675	-	514,000	33,303,675
Equipment & Vehicles	3,589,631	-	-	3,589,631
Food Service	477,706	-	-	477,706
<u>Total Capital Assets Being</u>				
<u>Depreciated</u>	<u>37,885,012</u>	<u>-</u>	<u>514,000</u>	<u>37,371,012</u>
<u>Less Accumulated</u>				
<u>Depreciation for:</u>				
Building & Site Improvements	23,650,778	1,348,162	514,000	24,484,940
Equipment & Vehicles	3,188,216	106,729	-	3,294,945
Food Service	474,228	1,741	-	475,969
<u>Total Accumulated Depreciation</u>	<u>27,313,222</u>	<u>1,456,632</u>	<u>514,000</u>	<u>28,255,854</u>
<u>Total Capital Assets Being</u>				
<u>Depreciated, Net</u>	<u>10,571,790</u>	<u>(1,456,632)</u>	<u>-</u>	<u>9,115,158</u>
<u>Governmental Activities Capital</u>				
<u>Assets, Net</u>	<u>11,579,640</u>	<u>(1,456,632)</u>	<u>-</u>	<u>10,123,008</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

Instruction	1,310,081
Student Support	6,278
Instructional Support	3,211
General Administration Support	-
School Administration Support	6,036
Business Services Support	446
Operations and Maintenance	44,779
Transportation	84,060
Food Service	1,741
<u>Total Depreciation Expense –Governmental Activities</u>	<u>1,456,632</u>

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 **PENSION PLAN**

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. Fremont County School District RE-2 participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

General Information about the Pension Plan

Plan description. Eligible employees of the Fremont County School District RE-2 are provided with pensions through the SCHDTF - a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 **PENSION PLAN (Continued)**

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 based on life expectancy and other actuarial factors.

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

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

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, 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 lesser of an annual increase of 1.25 percent or the average 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.

Contribution provisions as of June 30, 2020: Eligible employees, Fremont County School District RE-2 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.

**FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020**

NOTE 6 PENSION PLAN (Continued)

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

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

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

Subsequent to the SCHDTF's December 31, 2019, measurement date, HB20-1379 *Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year*, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, \$225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Fremont County School District RE-2 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Fremont County School District RE-2 were \$1,510,828 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 Fremont County School District RE-2 proportion of the net pension liability was based on Fremont County School District RE-2 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.

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 **PENSION PLAN (Continued)**

At June 30, 2020, the Fremont County School District RE-2 reported a liability of \$20,115,632 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 Fremont County School District RE-2 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 Fremont County School District RE-2 were as follows:

Fremont County School District RE-2 proportionate share of the net pension liability	\$ 20,115,632
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Fremont County School District RE-2	\$ 2,551,408
Total	\$ 22,667,040

At December 31, 2019, the Fremont County School District RE-2 proportion was 0.135 percent, which was a decrease of 0.0001 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the Fremont County School District RE-2 recognized pension income of \$3,582,407 and revenue of \$193,245 for support from the State as a nonemployer contributing entity. At June 30, 2020, the Fremont County School District RE-2 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	1,096,315	-
Changes of assumptions or other inputs	574,271	(9,124,260)
Net difference between projected and actual earnings on pension plan investments	2,145,956	(4,528,853)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	(2,000,983)
Contributions subsequent to the measurement date	754,713	N/A
Total	4,571,255	(15,654,096)

\$754,713 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2020	
2021	(6,566,576)
2022	(4,502,793)
2023	42,406
2024	(810,591)
2025	-
Thereafter	-

**FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020**

NOTE 6 PENSION PLAN (Continued)

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 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)*	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)*	Financed by the Annual Increase Reserve

*For 2019, the annual increase was 0.00 percent.

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

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

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

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

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

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 **PENSION PLAN (Continued)**

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 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 **PENSION PLAN (Continued)**

- 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 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 Fremont County School District RE-2 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:

**FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020**

NOTE 6 PENSION PLAN (Continued)

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	26,677,635	20,115,632	14,606,259

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.

Defined Contribution Pension Plan

Voluntary Investment Program

Plan Description – Employees of the Fremont County School District RE-2 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 CAFR which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2020, program members contributed \$54,336.

NOTE 7 OTHER POST EMPLOYMENT BENEFITS

Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. Fremont County School District RE-2 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.

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

General Information about the OPEB Plan

Plan description. Eligible employees of the Fremont County School District RE-2 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 (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

PERA Benefit Structure

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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.

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees 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 subsidy, in each case, is for retirees 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 retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Fremont County School District RE-2 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Fremont County School District RE-2 were \$79,517 for the year ended June 30, 2020.

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

At June 30, 2020, the Fremont County School District RE-2 reported a liability of \$989,182 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 Fremont County School District RE-2 proportion of the net OPEB liability was based on Fremont County School District RE-2 contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

**FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020**

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

At December 31, 2019, the Fremont County School District RE-2 proportion was 0.088 percent, which was an increase of 0.0005 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the Fremont County School District RE-2 recognized OPEB income of \$16,549. At June 30, 2020, the Fremont County School District RE-2 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	3,283	(166,219)
Changes of assumptions or other inputs	8,207	-
Net difference between projected and actual earnings on OPEB plan investments	15,926	(32,437)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	13,421	(4,269)
Contributions subsequent to the measurement date	39,722	N/A
Total	80,559	(202,925)

\$39,722 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30, 2020	
2021	(33,415)
2022	(33,413)
2023	(28,633)
2024	(33,653)
2025	(31,104)
Thereafter	(1,870)

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

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

Medicare Part A premiums	3.50 percent in 2019, gradually increasing to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

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

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

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

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

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.

**FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020**

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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.

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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:

FREMONT COUNTY SCHOOL DISTRICT RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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.

Sensitivity of the Fremont County School District RE-2 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	965,685	989,182	1,016,336

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

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

Sensitivity of the Fremont County School District RE-2 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	1,118,470	989,182	878,615

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 8 **RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 9 **COLORADO SCHOOL DISTRICT SELF INSURANCE POOL**

The District belongs to the Colorado School District's Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, Workers' Compensation and other coverage. The Board of Directors is composed of eight persons; seven of whom are appointed by the Board of Directors of CASB and the Executive Director of CASB. The Pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the Aggregate Pool claims, the cost of Administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as Expenditures in the Insurance Reserve Fund.

The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2020.

FREMONT COUNTY SCHOOL DISTRICT RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 9 **COLORADO SCHOOL DISTRICT SELF INSURANCE POOL (Continued)**

An audited summary of the Colorado School District's Pool financial information at June 30, 2019 and for the year then ended (latest information available) follows:

Total Assets	<u>48,583,211</u>
Total Liabilities	<u>26,773,438</u>
Total Equity	<u>21,809,773</u>
Revenue	19,817,153
Underwriting Expenses	<u>26,652,902</u>
Underwriting Gain (Loss)	(6,835,749)
Net Investment Income	865,849
Other Income	<u>-</u>
Net Income (Loss) Before Dividend	(5,969,900)
Dividend	<u>-</u>
Net Income	<u>(5,969,900)</u>
Transfer of Capital Contributions	-
Change in Non Admitted Assets	<u>156,358</u>
Capital Contributions from Members	<u>-</u>
Unassigned Surplus	<u>21,809,773</u>

NOTE 10 **LITIGATION**

None.

NOTE 11 **SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES**

Claims and Judgments - The District participates in a number of federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2020, significant amounts of grant expenditures have not been audited by the grantor but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the District.

NOTE 12 **JOINT VENTURES**

Not reflected in the accompanying financial statements is the District's participation in the Pikes Peak Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per District.

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 12 JOINT VENTURES (Continued)

The District has one member on the Board. The Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is not determinable at June 30, 2020. The joint venture summary audited financial information as of June 30, 2019 is as follows:

Assets and Deferred Outflows	<u>26,175,328</u>
Liabilities and Deferred Inflows	35,991,554
Net Position	<u>(9,816,226)</u>
	<u>26,175,328</u>
Revenues	12,536,137
Expenses	<u>9,444,096</u>
Changes in Net Position	<u>3,092,041</u>

The BOCES is not included as a component unit of the District as the financial responsibility is minimal, there is no financial interdependency, the District does not have the ability to significantly influence the operations of the BOCES and the District is not accountable for fiscal matters of the BOCES. The BOCES is audited annually and files a report with the Colorado State Auditor's Office.

NOTE 13 LONG-TERM DEBT

The following is a summary of the transactions in the school district's long-term debt:

	<u>Balance</u>		<u>Deletions</u>	<u>Balance</u>	<u>Current</u>
	<u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>	<u>Portion</u>
Vehicle Lease	70,221	-	32,695	37,526	31,604
G.O. Bonds Series 2015	6,975,000	-	1,310,000	5,665,000	1,360,000
Deferred Refunding	<u>(190,015)</u>	-	<u>(52,527)</u>	<u>(137,488)</u>	<u>(42,294)</u>
	<u>6,855,206</u>	<u>-</u>	<u>1,290,168</u>	<u>5,565,038</u>	<u>1,349,310</u>

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 13 **LONG-TERM DEBT (Continued)**

General Obligation Refunding Series 2015

On October 21, 2015, the District issued \$7,915,000 in General Obligation Refunding Bonds with an average interest rate of 3.79% to advance refund \$8,800,000 of outstanding 2006 General Obligation Bonds bearing interest rates ranging from 3.75% to 4.00%. Refunding proceeds of \$8,972,078 were deposited with an escrow agent to provide debt service payments of \$8,800,000 in principal and \$2,125,965 in interest on the 2006 Series Bonds. As result, that portion of 2006 Bonds is considered to be defeased and the liability for the issue has been removed from the financial statements. The defeased debt balance at June 30, 2019 was \$0.

The District completed the advance refunding to reduce the total debt service payments over 8 years by \$1,278,185 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$1,031,176.

As a result of the difference between the reacquisition price and the carrying amount of the old debt a deferred refunding was recorded in the amount of \$418,305. It will be amortized against interest costs of the refunding issue.

Below is a schedule of debt service requirements to maturity:

2015 Refunding Issue

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2021	1,360,000	192,600
2022	1,385,000	144,500
2023	1,455,000	87,700
2024	1,465,000	29,300
<u>Total</u>	<u>5,665,000</u>	<u>454,100</u>

Capital Leases

Lease Purchase Vehicle

During the fiscal year ended June 30, 2019 the District executed a lease purchase agreement of \$98,481 to purchase a school bus. The lease purchase agreement is for a period of 36 months with interest at a rate of 5.554% per annum and a monthly payment of \$2,980.95.

Annual debt service requirements to maturity for the lease purchase agreement is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Payment</u>
2021	34,558	1,213	35,771
2022	2,968	14	2,982
			<u>38,753</u>
Less Amount Representing Interest			<u>(1,227)</u>
Present Value of Future Minimum Lease Payments			<u>37,526</u>

FREMONT COUNTY SCHOOL DISTRICT RE-2
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 14 **INTERFUND BALANCES**

Interfund Balances

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<u>Major Funds</u>		
General Fund	14,475	76,434
Bond Fund	-	14,475
Designated Grant Fund	13,163	-
<u>Non Major Governmental Funds</u>		
	<u>63,271</u>	<u>-</u>
	<u>90,909</u>	<u>90,909</u>

These interfund balances occurred due to expenditures paid on behalf of another fund.

Interfund balances are expected to be paid within one year from the date of the financial statements.

Transfers

	<u>Transfer In</u>	<u>Transfer Out</u>
<u>Major Governmental Fund</u>		
General Fund	-	96,920
<u>Nonmajor Governmental Funds</u>		
Pupil Activities Fund	<u>96,920</u>	<u>-</u>
	<u>96,920</u>	<u>96,920</u>

These transfers were to assist with operations.

NOTE 15 **ACCRUED SALARIES AND BENEFITS**

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2020, are estimated to be \$1,317,424 and will be paid during the 2020-2021 fiscal year. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements.

NOTE 16 **INVENTORIES**

Food Service Fund inventories at June 30, 2020, consisted of USDA, purchased food, and non-food amounting to \$30,228. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 17 CHANGE IN ACCOUNTING FOR STUDENT ACTIVITY FUND

In prior years, the Student Activity Fund had been recorded as a Fiduciary Fund. Beginning July 1, 2019, the District accounts for student activities in a Special Revenue Fund. The beginning fund balance for the Student Activity Special Revenue Fund at July 1, 2019 was \$222,624. That amount includes the reclassified equity of the Student Activity Agency Fund at June 30, 2019. The beginning net position of governmental activities has been increased by that same amount.

	<u>Net Position</u>	<u>Fund Balance- Governmental Funds</u>
Balance at June 30, 2019	(22,808,498)	8,249,603
Change for Student Activity Agency	<u>166,118</u>	<u>166,118</u>
Beginning Balance, as Restated	<u>(22,642,380)</u>	<u>8,415,721</u>

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISONS

General Fund

The General Fund accounts for all transactions of the District not accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed from property taxes and other general revenues. It is the most significant fund in relation to the District's overall operations.

Special Revenue Fund

Designated Grants Fund – used to account for federal and state grant programs.

PENSION AND OPEB TREND DATA

FREMONT COUNTY SCHOOL DISTRICT RE-2
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
<u>Local Sources</u>				
Property Taxes	2,187,108	2,187,108	2,803,711	616,603
Specific Ownership Taxes	603,311	603,311	667,878	64,567
Earnings on Investments	105,753	105,753	99,471	(6,282)
Delinquent Taxes & Interest	-	-	16,108	16,108
Other	339,080	339,080	237,790	(101,290)
<u>State Sources</u>				
Equalization	8,943,259	8,943,259	8,819,842	(123,417)
Transportation	103,098	103,098	179,937	76,839
Vocational Education	90,000	90,000	91,186	1,186
Special Education	75,000	75,000	103,887	28,887
Other	219,544	219,544	419,556	200,012
<u>Federal Sources</u>				
Other	-	1,113,799	291,192	(822,607)
<u>TOTAL REVENUES</u>	<u>12,666,153</u>	<u>13,779,952</u>	<u>13,730,558</u>	<u>(49,394)</u>
<u>EXPENDITURES</u>				
<u>Instruction</u>				
Regular Programs				
Salaries	5,342,735	5,342,735	5,058,213	284,522
Employee Benefits	1,841,536	1,841,536	1,778,884	62,652
Purchased Services – Professional	15,000	15,000	9,427	5,573
Purchased Services - Property	15,300	15,300	23,312	(8,012)
Purchased Services – Other	446,735	446,735	285,518	161,217
Supplies and Materials	467,354	467,354	313,333	154,021
Property	154,897	154,897	80,340	74,557
Other Objects	15,000	15,000	-	15,000
<u>Total Instruction</u>	<u>8,298,557</u>	<u>8,298,557</u>	<u>7,549,027</u>	<u>749,530</u>

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget- Favorable (Unfavorable)
<u>SUPPORTING SERVICES</u>				
<u>Student Supporting Services</u>				
Salaries	455,653	455,653	371,717	83,936
Employee Benefits	164,827	164,827	134,245	30,582
Purchased Services - Professional	-	-	31,541	(31,541)
Purchased Services - Property	-	-	-	-
Purchased Services - Other	-	-	-	-
Supplies and Materials	9,650	9,650	3,322	6,328
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Student Services</u>	<u>630,130</u>	<u>630,130</u>	<u>540,825</u>	<u>89,305</u>
<u>Instructional Staff</u>				
Salaries	106,818	106,818	97,856	8,962
Employee Benefits	38,081	38,081	34,198	3,883
Purchased Services - Professional	8,000	8,000	7,125	875
Purchased Services - Property	-	-	-	-
Purchased Services - Other	-	-	-	-
Supplies and Materials	8,450	8,450	3,327	5,123
Property	10,000	10,000	1,382	8,618
Other Objects	-	-	-	-
<u>Total Instructional Staff</u>	<u>171,349</u>	<u>171,349</u>	<u>143,888</u>	<u>27,461</u>
<u>General Administration</u>				
Salaries	389,016	389,016	347,629	41,387
Employee Benefits	104,607	104,607	104,719	(112)
Purchased Services – Professional	122,500	122,500	95,629	26,871
Purchased Services – Property	-	-	-	-
Purchased Services – Other	203,171	203,171	150,376	52,795
Supplies and Materials	-	-	182	(182)
Property	-	-	-	-
Other Objects	26,000	26,000	1,511	24,489
<u>Total General Administration</u>	<u>845,294</u>	<u>845,294</u>	<u>700,046</u>	<u>145,248</u>

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	675,454	675,454	671,033	4,421
Employee Benefits	216,807	216,807	218,649	(1,842)
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	4,250	4,250	14,137	(9,887)
Purchased Services – Other	-	-	-	-
Supplies and Materials	6,450	6,450	3,412	3,038
Property	1,500	1,500	282	1,218
Other Objects	-	-	-	-
<u>Total School Administration</u>	<u>904,461</u>	<u>904,461</u>	<u>907,513</u>	<u>(3,052)</u>
<u>Business Services</u>				
Salaries	72,837	72,837	74,380	(1,543)
Employee Benefits	25,965	25,965	26,511	(546)
Purchased Services – Professional	30,250	30,250	518	29,732
Purchased Services - Property	45,000	45,000	63,182	(18,182)
Purchased Services - Other	-	-	-	-
Supplies and Materials	10,000	10,000	7,248	2,752
Property	500	500	-	500
Other Objects	-	-	-	-
<u>Total Business Services</u>	<u>184,552</u>	<u>184,552</u>	<u>171,839</u>	<u>12,713</u>
<u>Operations and Maintenance</u>				
Salaries	690,633	690,633	497,123	193,510
Employee Benefits	256,803	256,803	182,222	74,581
Purchased Services – Professional	122,050	122,050	83,660	38,390
Purchased Services - Property	280,000	280,000	221,010	58,990
Purchased Services - Other	169,000	169,000	144,477	24,523
Supplies and Materials	155,278	645,350	589,374	55,976
Property	1,500	1,500	-	1,500
Other Objects	750	750	19	731
<u>Total Operations and Maintenance</u>	<u>1,676,014</u>	<u>2,166,086</u>	<u>1,717,885</u>	<u>448,201</u>

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

**FREMONT COUNTY SCHOOL DISTRICT RE-2
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Student Transportation</u>				
Salaries	508,840	508,840	395,306	113,534
Employee Benefits	176,032	176,032	136,193	39,839
Purchased Services-Professional	-	-	-	-
Purchased Services – Property	34,500	34,500	23,422	11,078
Purchased Services – Other	7,000	7,000	5,375	1,625
Supplies and Materials	168,500	168,500	105,583	62,917
Property	4,000	4,000	3,099	901
<u>Total Student Transportation</u>	<u>898,872</u>	<u>898,872</u>	<u>668,978</u>	<u>229,894</u>
<u>Central Support</u>				
Salaries	132,522	132,522	103,802	28,720
Employee Benefits	38,720	38,720	29,857	8,863
Purchased Services- Professional	-	-	750	(750)
Purchased Services – Property	32,500	32,500	25,000	7,500
Purchased Services – Other	17,000	17,000	16,800	200
Property	100,000	100,000	88,299	11,701
<u>Total Central Support</u>	<u>320,742</u>	<u>320,742</u>	<u>264,508</u>	<u>56,234</u>
<u>Other Support</u>				
Salaries	62,000	62,000	-	62,000
Employee Benefits	24,816	24,816	-	24,816
Supplies and Materials	215,724	839,451	86,918	752,533
Property	477,617	477,617	21,454	456,163
Other Objects	97,257	97,257	-	97,257
<u>Total Facility</u>	<u>877,414</u>	<u>1,501,141</u>	<u>108,372</u>	<u>1,392,769</u>
<u>Total Supporting Services</u>	<u>6,508,828</u>	<u>7,622,627</u>	<u>5,223,854</u>	<u>2,398,773</u>
<u>Appropriated Reserves</u>	<u>3,350,498</u>	<u>3,865,498</u>	<u>-</u>	<u>3,865,498</u>
<u>TOTAL EXPENDITURES</u>	<u>18,157,883</u>	<u>19,786,682</u>	<u>12,772,881</u>	<u>7,013,801</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(5,491,730)</u>	<u>(6,006,730)</u>	<u>957,677</u>	
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from Debt	-	-	-	-
Sale of Assets	-	515,000	515,000	-
Transfers	(115,000)	(115,000)	(96,920)	18,080
<u>Total Other Financing Sources (Uses)</u>	<u>(115,000)</u>	<u>400,000</u>	<u>418,080</u>	<u>18,080</u>

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2020

<u>REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)</u>	(5,606,730)	(5,606,730)	1,375,757
<u>FUND BALANCE, July 1</u>	<u>5,606,730</u>	<u>5,606,730</u>	<u>5,606,730</u>
<u>FUND BALANCE, June 30</u>	<u> -</u>	<u> -</u>	<u>6,982,487</u>

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

**FREMONT COUNTY SCHOOL DISTRICT RE-2
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
DESIGNATED PURPOSE GRANTS
MAJOR SPECIAL REVENUE FUND
For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>			<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>REVENUES</u>				
Local Sources	397,480	397,480	36,489	(360,991)
State Sources	254,368	254,368	171,803	(82,565)
Federal Sources	<u>509,308</u>	<u>509,308</u>	<u>409,431</u>	<u>(99,877)</u>
<u>Total Revenues</u>	<u>1,161,156</u>	<u>1,161,156</u>	<u>617,723</u>	<u>(543,433)</u>
<u>EXPENDITURES:</u>				
Salaries	453,156	453,156	385,209	67,947
Employee Benefits	137,066	137,066	114,882	22,184
Purchased Services – Professional	86,102	86,102	37,183	48,919
Purchased Services – Property	-	-	-	-
Purchased Services – Other	11,470	11,470	3,190	8,280
Supplies and Materials	123,362	123,362	77,259	46,103
Property	350,000	350,000	-	350,000
Other Objects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Expenditures</u>	<u>1,161,156</u>	<u>1,161,156</u>	<u>617,723</u>	<u>543,433</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>FUND BALANCE, July 1</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>-</u>	<u>-</u>	

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

FREMONT COUNTY SCHOOL DISTRICT NUMBER RE-2
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
For The Last 10 Fiscal Years (As Available)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
District's proportion of the net pension liability (asset)	0.1346%	0.1347%	0.1524%	0.1535%	0.1589%	0.1591%	0.1624%	-	-	-
District's proportionate share of the net pension liability (asset)	\$20,115,632	\$23,846,946	\$49,288,879	\$45,705,541	\$24,302,722	\$21,569,787	\$20,716,850	-	-	-
State's proportionate share of the net pension liability associated with the District**	\$2,551,408	\$3,260,746	-	-	-	-	-	-	-	-
District's covered payroll	\$7,795,810	\$7,729,433	\$7,189,244	\$6,869,591	\$6,917,132	\$6,834,583	\$6,666,810	-	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	258%	308%	686%	665%	351%	316%	311%	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	64.52%	57.01%	43.96%	43.1%	59.2%	62.80%	64.06%	-	-	-

** A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

**FREMONT COUNTY SCHOOL DISTRICT NUMBER RE-2
 SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
 For The Last 10 Fiscal Years (As Available)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contributions	\$ 1,510,828	\$ 1,478,641	\$ 1,357,581	\$ 1,262,803	\$ 1,226,519	\$ 1,152,971	\$ 1,094,181	\$ 999,654	-	-
Contributions in relation to the contractually required contributions	<u>\$(1,510,828)</u>	<u>\$(1,478,641)</u>	<u>\$(1,357,581)</u>	<u>\$(1,262,803)</u>	<u>\$(1,226,519)</u>	<u>\$(1,152,971)</u>	<u>\$1,094,181</u>	<u>\$(999,654)</u>	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
District's covered payroll	\$ 7,795,810	\$ 7,729,433	\$ 7,189,244	\$ 6,869,591	\$ 6,917,133	\$ 6,834,583	\$ 6,666,810	\$ 6,628,145	-	-
Contributions as a percentage of covered payroll	19.38%	19.13%	18.88%	18.38%	17.73%	16.87%	16.41%	15.08%	-	-

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

FREMONT COUNTY SCHOOL DISTRICT NUMBER RE-2
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
For The Last 10 Fiscal Years (As Available)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
District's proportion of the net OPEB liability (asset)	0.0880%	0.0875%	0.0866%	0.0873%	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$989,182	\$1,190,991	\$1,125,550	\$1,131,308	-	-	-	-	-	-
District's covered payroll	\$7,795,810	\$7,729,433	\$7,189,244	\$6,869,591	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	12.69%	15.41%	15.66%	16.47%	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	24.49%	17.03%	17.53%	16.72%	-	-	-	-	-	-

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

FREMONT COUNTY SCHOOL DISTRICT NUMBER RE-2
SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
For The Last 10 Fiscal Years (As Available)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contributions	\$ 79,517	\$ 78,840	\$ 73,330	\$ 70,070	-	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$(79,517)</u>	<u>\$(78,840)</u>	<u>\$(73,330)</u>	<u>\$(70,070)</u>	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-	-
District's covered payroll	\$7,795,810	\$7,729,433	\$7,189,244	\$6,869,591	-	-	-	-	-	-
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	-	-	-	-	-	-

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

Combining Balance Sheet – NonMajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – NonMajor Governmental Funds

Bond Redemption Debt Service Fund – Major Fund

Bond Redemption Debt Service Fund – Use to account for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

NON MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Pupil Activities - This fund accounts for financial transactions of all schools in the District through individual school activity accounts.

Food Service Fund – This fund accounts for all financial activities associated with the District’s school breakfast and lunch programs.

FREMONT COUNTY SCHOOL DISTRICT RE-2
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2020

	<u>Pupil Activities</u>	<u>Food Service</u>	<u>Total Non-Major Governmental Funds</u>
<u>ASSETS</u>			
Cash and Equivalents	290,487	554,650	845,137
Accounts Receivable	-	5,665	5,665
Accrued Revenue	-	-	-
Due From Other Funds	-	63,271	63,271
Property Taxes Receivable	-	-	-
Inventories	-	30,228	30,228
<u>Total Assets</u>	<u>290,487</u>	<u>653,814</u>	<u>944,301</u>
<u>LIABILITIES & FUND BALANCES</u>			
Liabilities:			
Accounts Payable	-	-	-
Accrued Salaries	-	38,097	38,097
Due To Other Funds	-	-	-
Other Payables	-	-	-
Unearned Revenue	-	12,394	12,394
<u>Total Liabilities</u>	<u>-</u>	<u>50,491</u>	<u>50,491</u>
<u>Fund Balances</u>			
Nonspendable			
Inventories	-	30,228	30,228
Restricted			
Food Service	-	573,095	573,095
Assigned			
Student Activities	290,487	-	290,487
Unassigned			
<u>Total Fund Balances</u>	<u>290,487</u>	<u>603,323</u>	<u>893,810</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>			
	<u>290,487</u>	<u>653,814</u>	<u>944,301</u>

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	<u>Pupil Activities</u>	<u>Food Service</u>	<u>Total Non-Major Governmental Funds</u>
<u>REVENUES</u>			
Other Local Sources	324,799	175,811	500,610
State Aid	-	21,463	21,463
Federal Aid	-	760,428	760,428
<u>Total Revenues</u>	<u>324,799</u>	<u>957,702</u>	<u>1,282,501</u>
<u>EXPENDITURES</u>			
Supporting Services:			
Students	353,856	-	353,856
Food Service	-	685,012	685,012
<u>Total Expenditures</u>	<u>353,856</u>	<u>685,012</u>	<u>1,038,868</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(29,057)</u>	<u>272,690</u>	<u>243,633</u>
<u>OTHER FINANCING SOURCE (USES)</u>			
Transfers	96,920	-	96,920
<u>Total Other Financing Sources (Uses)</u>	<u>96,920</u>	<u>-</u>	<u>96,920</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>67,863</u>	<u>272,690</u>	<u>340,553</u>
<u>FUND BALANCES – Beginning (as Restated)</u>	<u>222,624</u>	<u>330,633</u>	<u>553,257</u>
<u>FUND BALANCES – Ending</u>	<u>290,487</u>	<u>603,323</u>	<u>893,810</u>

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
PUPIL ACTIVITY – SPECIAL REVENUE FUND
For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Local Sources	697,624	324,799	(372,825)
State Sources	-	-	-
Federal Sources	-	-	-
<u>Total Revenues</u>	<u>697,624</u>	<u>324,799</u>	<u>(372,825)</u>
<u>EXPENDITURES:</u>			
Students			
Activity Expenditures	697,624	353,856	343,768
<u>Total Expenditures</u>	<u>697,624</u>	<u>353,856</u>	<u>343,768</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>-</u>	<u>(29,057)</u>	
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	-	96,920	96,920
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>96,920</u>	<u>96,920</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>-</u>	<u>67,863</u>	
<u>FUND BALANCES, Beginning (as Restated)</u>	<u>-</u>	<u>222,624</u>	
<u>FUND BALANCES, Ending</u>	<u>-</u>	<u>290,487</u>	

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
BOND REDEMPTION FUND
MAJOR DEBT SERVICE FUND
For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Property Taxes	1,475,000	1,721,502	246,502
Specific Ownership Taxes	-	-	-
Earnings on Investments	40,000	36,368	(3,632)
Other Local Sources	-	10,449	10,449
<u>Total Revenues</u>	<u>1,515,000</u>	<u>1,768,319</u>	<u>253,319</u>
<u>EXPENDITURES:</u>			
Debt Service:			
Principal Retirement	1,310,000	1,310,000	-
Interest and Fiscal Charges	269,400	244,086	25,314
Other	-	-	-
Contingency	<u>2,556,071</u>	-	<u>2,556,071</u>
<u>Total Expenditures</u>	<u>4,134,471</u>	<u>1,554,086</u>	<u>2,581,385</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(2,620,471)</u>	<u>214,233</u>	
<u>FUND BALANCES, July 1</u>	<u>2,620,471</u>	<u>2,620,471</u>	
<u>FUND BALANCES, June 30</u>	<u>-</u>	<u>2,834,704</u>	

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

**FREMONT COUNTY SCHOOL DISTRICT RE-2
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOOD SERVICE – SPECIAL REVENUE FUND
For the Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
<u>Local Sources</u>			
Food Sales	169,700	171,868	2,168
Earnings on Investments	-	-	-
Other	-	3,943	3,943
<u>State Sources</u>			
School Lunches	11,000	21,463	10,463
<u>Federal Sources</u>			
School Lunches	486,000	660,327	174,327
Commodities	17,000	36,830	19,830
Coronavirus Funds	-	<u>63,271</u>	<u>63,271</u>
<u>Total Revenues</u>	<u>683,700</u>	<u>957,702</u>	<u>274,002</u>
<u>EXPENDITURES</u>			
Salaries	235,556	217,679	17,877
Employee Benefits	114,198	77,607	36,591
Purchased Services – Professional	3,000	3	2,997
Purchased Services – Property	30,000	21,263	8,737
Purchased Services - Other	3,000	1,045	1,955
Supplies and Materials	466,543	330,585	135,958
Capital Outlay	25,000	-	25,000
Other	137,037	-	137,037
Commodities	-	<u>36,830</u>	<u>(36,830)</u>
<u>Total Expenditures</u>	<u>1,014,334</u>	<u>685,012</u>	<u>329,322</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(330,634)	272,690	
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	-	-	-
<u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	(330,634)	272,690	
<u>FUND BALANCE, Beginning</u>	<u>330,634</u>	<u>330,633</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>603,323</u>	

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

STATE REQUIRED SCHEDULES

Auditor's Integrity Report (Revenues, Expenditures, and Fund Balance by Fund)

Bolded Balance Sheet



Colorado Department of Education
Auditors Integrity Report
 District: 1150 - Fremont RE-2
 Fiscal Year 2019-20
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental				
10 General Fund	5,575,142	13,584,065	12,281,303	6,877,904
18 Risk Mgmt Sub-Fund of General Fund	2,971	137,012	144,943	15,040
19 Colorado Preschool Program Fund	28,617	407,560	346,635	89,541
Sub-Total	5,606,729	14,148,638	12,772,881	6,982,486
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	330,634	957,701	665,012	603,323
22 Govt Designated-Purpose Grants Fund	0	617,723	617,723	0
23 Pupil Activity Special Revenue Fund	125,704	518,639	353,856	290,487
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	2,620,471	1,768,320	1,554,086	2,834,704
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	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Total	8,440,517	16,011,201	15,003,558	10,711,001
Proprietary				
50 Other Enterprise Funds	0	0	0	0
60.63 Risk-Related Activity Fund	0	0	0	0
60.65-69 Other Internal Service Funds	0	0	0	0
Total	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	1,805,039	91,335	137,732	1,798,642
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
Total	1,805,039	91,335	137,732	1,798,642

FINAL



Colorado Department of Education
Bolded Balance Sheet Report
 District: 1150 - Fremont RE-2
 Fiscal Year 2019-20
 Colorado School District/BOCES

	Governmental							Proprietary							Fiduciary		
	General Funds 10-12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20-22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Enterprise Funds 50-52-59	Other Risk-Related Activity Funds 63-64	Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals	
ASSETS																	
Cash and Investments (8100-8104,8111)	8,481,746	0	142,714	606,265	0	0	554,650	0	0	0	0	0	0	195,812	0	9,981,189	
Cash with Fiscal Agent (8105)	129,917	0	0	0	0	0	0	2,799,480	0	0	0	0	0	0	0	2,929,397	
Other Investment Accounts (8112-8115)	0	0	0	0	0	0	0	0	0	0	0	0	0	1,602,830	0	1,602,830	
Taxes Receivable (8121,8122)	422,700	0	0	0	0	0	0	0	0	0	0	0	0	0	0	701,550	
Interfund Loans Receivable (8131,8132)	85,048	0	0	13,163	0	0	63,271	0	0	0	0	0	0	0	0	161,481	
Grants Accounts Receivable (8142)	121,934	0	0	170,155	0	0	0	0	0	0	0	0	0	0	0	292,089	
Other Receivables (8151-8154,8161)	14,003	0	0	0	0	0	5,665	0	0	0	0	0	0	0	0	19,668	
Inventories (8171,8172,8173)	0	0	0	0	0	0	30,228	0	0	0	0	0	0	0	0	30,228	
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Assets	9,255,348	0	142,714	789,583	0	0	653,814	3,078,330	0	0	0	0	0	1,798,642	0	15,718,430	

	Governmental										Proprietary					Fiduciary	
	General Funds 10-12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45	Supplemental Cap Const Fund 46	Other Enterprise Funds 50-59	Risk-Related Activity Funds 60-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals	
LIABILITIES & FUND EQUITY																	
LIABILITIES																	
Interfund Payables (7401,7402)	141,014	0	5,991	0	0	0	0	14,475	0	0	0	0	0	0	0	161,481	
Other Payables (7421-7423)	129,341	0	0	28	0	0	0	0	0	0	0	0	0	0	0	129,370	
Accrued Expenses (7461)	1,177,026	0	47,182	55,120	0	0	38,097	0	0	0	0	0	0	0	0	1,317,424	
Unearned Revenue (7481)	16,003	0	0	0	0	0	12,394	0	0	0	0	0	0	0	0	28,397	
Grants Deferred Revenue (7482)	557,019	0	0	443,947	0	0	0	0	0	0	0	0	0	0	0	1,000,966	
Other Current Liabilities (7491,7492,7499)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Compensated Absences (7541)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Deferred Inflow (7800)	342,000	0	0	0	0	0	0	229,150	0	0	0	0	0	0	0	571,150	
Total Liabilities	2,362,403	0	53,173	499,095	0	0	50,491	243,625	0	0	0	0	0	0	0	3,208,788	

Governmental

Proprietary

Fiduciary

FUND EQUITY	Governmental										Proprietary										Fiduciary									
	General Funds 10,12-18 Fund 11	Charter School Fund 19	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 45	Other Enterprise Funds 50, 52-59	Risk-Related Activity Fund 53-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals														
Non-spendable Fund Balance 6710	0	0	0	0	0	0	30,228	0	0	0	0	0	0	0	0	30,228														
Restricted Fund Balance 6720	0	0	0	0	0	0	573,095	2,834,704	0	0	0	0	1,798,642	0	0	5,206,441														
TABOR 3% Emergency Reserve 6721	447,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	447,000														
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0														
District Emergency Reserve (net of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0														
Colorado Preschool Program (CPP) Reserve 6724	0	0	89,541	0	0	0	0	0	0	0	0	0	0	0	0	89,541														
Risk-related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0														
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0														
Committed Fund Balance 6730	3,150,243	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,150,243														
Assigned Fund Balance 6760	0	0	0	290,487	0	0	0	0	0	0	0	0	0	0	0	290,487														
Unassigned Fund Balance 6770	3,295,702	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,295,702														
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0														
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0														
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0														
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0														
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0														
Total Fund Equity	6,892,945	0	89,541	290,487	0	0	601,323	2,834,704	0	0	0	0	1,798,642	0	0	12,509,643														

Total Liabilities & Fund Equity	Governmental										Proprietary										Fiduciary									
	General Funds 10,12-18 Fund 11	Charter School Fund 19	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 53-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals														
9,255,348	0	0	142,714	789,583	0	0	653,814	3,078,330	0	0	0	0	1,798,642	0	0	15,718,430														

Do Assets=Liability+Fund Equity	Governmental										Proprietary										Fiduciary									
	General Funds 10,12-18 Fund 11	Charter School Fund 19	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 53-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals														
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes														

For Each Fund Type:
Do Assets=Liability+Fund Equity

SINGLE AUDIT SECTION

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

**Board of Education
Fremont County School District RE-2
Florence, CO 81226**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Fremont County School District RE-2 as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Fremont County School District RE-2's basic financial statements, and have issued our report thereon dated December 16, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fremont County School District RE-2's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fremont County School District RE-2's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fremont County School District RE-2's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fremont County School District RE-2's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Dixon, Waller & Co., Inc.

December 16, 2020

164 E. MAIN
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

**Board of Education
Fremont County School District Number RE-2
Florence, Colorado 81226**

Report on Compliance for Each Major Federal Program

We have audited Fremont County School District RE-2's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Fremont County School District RE-2's major federal programs for the year ended June 30, 2020. Fremont County School District RE-2's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Fremont County School District RE-2's compliance.

Opinion on Each Major Federal Program

In our opinion, Fremont County School District RE-2 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Fremont County School District RE-2 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Fremont County School District RE-2's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Fremont County School District RE-2's internal control over compliance.

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

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

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



December 16, 2020

**FREMONT COUNTY SCHOOL DISTRICT NUMBER RE-2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020**

SECTION I - SUMMARY OF AUDITOR'S RESULTS:

FINANCIAL STATEMENTS

Auditor's Report

An unmodified report has been issued on the financial statements of Fremont County School District Number RE-2.

Internal Control Over Financial Reporting

No significant deficiencies or material weaknesses were identified.

Noncompliance Material to Financial Statements

No instances of noncompliance in amounts material to the financial statements of Fremont County School District Number RE-2 were disclosed by the audit.

FEDERAL AWARDS

Internal Control Over Major Programs

No significant deficiencies or material weaknesses were identified.

Auditor's Report on Compliance for Major Programs

An unmodified report has been issued on Fremont County School District Number RE-2 compliance for major programs.

Audit Findings

No findings requiring disclosure in accordance with 2 CFR Section 200.516(a) were disclosed by the audit.

Major Programs

Child Nutrition Cluster

Dollar Threshold to Distinguish Type A and Type B Programs

\$750,000.

Qualification as low-risk auditee

The District qualifies as a low-risk auditee for fiscal year 2019/2020.

**FREMONT COUNTY SCHOOL DISTRICT NUMBER RE-2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020**

(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

**FREMONT COUNTY SCHOOL DISTRICT NUMBER RE-2
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2020**

None

**FREMONT COUNTY SCHOOL DISTRICT NUMBER RE-2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>State Code</u>	<u>Provided to Subrecipient</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>				
<u>Child Nutrition Cluster - Cluster</u>				
(Passed through Colorado Department of Education)				
National School Breakfast Program	10.553	4553	-	104,381
National School Lunch Program	10.555	4555	-	555,946
(Passed through Colorado Department of Human Services)				
Food Distribution (Food Donations Program)	10.555	4555	-	36,830
<u>Total Child Nutrition Cluster - Cluster</u>			-	<u>697,157</u>
<u>Total U.S. Department of Agriculture</u>			-	<u>697,157</u>
<u>U.S. Department of Education</u>				
(Passed through Colorado Department of Education)				
Title I, ECEA Education Handicapped Children	84.010	4010	-	300,315
Title I, ECEA Education Handicapped Children	84.010	4010	-	13,344
Title II Part A – Professional Development	84.367	4367	-	49,210
Title IV A	84.424	4424	-	25,702
Elementary and Secondary School Emergency Relief Fund	84.425D	4425	-	63,983
(Passed through Colorado Community College & Occ. Ed.)				
Allocated Vocational Education	84.048	4048	-	20,860
<u>Total U.S. Department of Education</u>			-	<u>473,414</u>
<u>U.S. Department of Treasury</u>				
(Passed through Colorado Department of Education)				
Coronavirus Relief Fund	21.019	4012	-	290,480
<u>Total U.S. Department of Treasury</u>			-	<u>290,480</u>
<u>TOTAL EXPENDITURES OF FEDERAL AWARDS</u>			-	<u>1,461,051</u>

The accompanying notes are an integral part of this schedule

FREMONT COUNTY SCHOOL DISTRICT NUMBER RE-2
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

NOTE 1 **Basis of Presentation**

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

NOTE 2 **INDIRECT COST RATES**

All grants being charged indirect cost have been received through the Colorado Department of Education. The Department calculates an allowable indirect cost rate for individual sub-recipients and mandates that the rate be used as the maximum for the recovery of indirect cost. The District has recovered indirect cost from grant funds at an amount no greater than that allowed by the Colorado Department of Education and has not elected to use the 10% de minimis indirect cost rate allowed by Uniform Guidance.

NOTE 3 **Food Distribution**

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

NOTE 4 **SUBRECIPIENT PAYMENTS**

No amounts of federal financial assistance were passed through to subrecipients in the year ended June 30, 2020.