

**HAYDEN SCHOOL DISTRICT RE-1
HAYDEN, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**For the Year Ended
June 30, 2020**

**HAYDEN SCHOOL DISTRICT RE-1
HAYDEN, COLORADO**

ROSTER OF SCHOOL OFFICIALS

JUNE 30, 2020

BOARD OF EDUCATION

Brian F. Hoza – President

Tim Frentress Sr. – Vice President

Tammie Delaney – Secretary

Medora Fralick – Treasurer

Kevin Lind – Director

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FINANCIAL SECTION

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information - Unaudited)

HAYDEN SCHOOL DISTRICT RE-1
Management Discussion and Analysis

This section of the annual audit is presented to give the reader a financial picture of Hayden School District RE-1. The discussion and analysis of Hayden School District's financial performance provides an overall review of the District's financial activities for the year ended June 30, 2020. The intent of the discussion and analysis is to view the District's financial performance as a whole. The reader should review the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

The District's Total Net Position is \$53,646,378, which includes \$94,132,537 in total assets, \$1,966,071 in deferred out flows, \$32,628,093 in total liabilities, and \$7,858,066 in deferred inflows. The total assets include \$12,209,967 in current assets and \$79,956,499 in long term capital assets.

The District's Total Revenues is \$56,765,876 with total general revenues of \$7,794,512 and total program revenues of \$55,309,924. The District's Total Expenses for the year were \$6,338,560 resulting in a Change in Net Position of \$56,765,876.

Using the Annual Financial Report

Within the annual report is a series of financial statement and notes to those statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and include fixed assets and depreciation on those assets.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Hayden School District RE-1's basic financial statements. The District's basic financial statements are comprised of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) notes to the Financial Statements. This report also contains other supplementary information including fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. A reader should also take in to account the impact of Certain long-term pension and OPEB related costs and adjustments which are not available to pay or payable currently and are therefore not reported in the funds as these are greatly influenced by the State.

TABLE I – CONDENSED SUMMARY OF NET POSITION

	2020	2019
Assets:		
Current Assets	\$ 12,209,967	\$ 24,993,496
Capital Assets – Net	79,956,499	4,410,439
Deferred Outflows of Resources	1,966,071	4,474,498
Capital Assets & Deferred Outflows of Financial Resources	<u>94,132,537</u>	<u>33,878,433</u>
Liabilities:		
Current Liabilities	2,552,919	1,540,574
Non-current Liabilities	30,075,174	33,046,950
Deferred Inflows of Resources	7,858,066	10,015,411
Total Liabilities & Deferred Inflows of Financial Resources	<u>40,486,159</u>	<u>44,602,935</u>
Net Position:		
Net Invested in Capital Assets	1,123,530	1,464,030
Restricted Net Position	2,084,677	1,728,642
Unrestricted Net Position	50,438,171	(13,917,174)
Total Net Position(Deficit)	<u>53,646,378</u>	<u>(10,724,502)</u>
Total Liabilities, Deferred Outflows and Net Position	<u>\$ 94,132,537</u>	<u>\$ 33,878,433</u>

The Statement of activities presents information showing how the government's net position changed during the most recent fiscal year.

TABLE 2 – CONDENSED STATEMENT OF ACTIVITIES

	2020	2019
Program Revenues:		
Charges for Services	\$ 314,537	\$ 321,956
Operating Grants	1,705,111	1,495,938
Capital Grants and Contributions	53,290,276	-
Total Program Revenues	55,309,924	1,817,894
General Revenues:		
Property Taxes	5,578,990	5,591,302
Specific Ownership Taxes	380,961	311,686
State Equalization	1,567,776	1,360,708
Investment Earnings	64,021	25,005
Gain (Loss) on Capital Asset Disposals	-	8,150
Other Revenue	202,764	92,811
Total General Revenues	<u>7,794,512</u>	<u>7,389,662</u>
Total Revenues	<u>63,104,436</u>	<u>9,207,556</u>
Expenses:		
Instruction	2,339,253	2,198,396
Supporting Services	3,999,307	4,762,984
Interest on Long Term Debt	-	495,796
Total Expenses	<u>6,338,560</u>	<u>7,457,176</u>
Change in Net Position	<u>56,765,876</u>	<u>1,750,380</u>
Net Position - Beginning	(10,724,502)	(12,501,466)
Prior Period Restatement	7,605,004	26,584
Net Position - Beginning (Restated)	<u>(3,119,498)</u>	<u>(12,474,882)</u>
Net Position Ending	<u>\$ 53,646,378</u>	<u>\$ (10,724,502)</u>

The District's two government-wide financial statements show a reader that the functions of the District are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

The District's government-wide financial statements have only one category:

- 1) Governmental Activities – All of the District's basic services are included here, such as instruction, administration and community services. Property taxes, state and federal subsidies and grants finance most of these activities.

Fund Financial Statements - A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governments near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

The Hayden School District RE-1 adopts a one-year budget for its general and other funds as needed. A budgetary comparison statement has been provided to demonstrate compliance with the year ended June 30, 2020 budget.

Financial Analysis of the District as a Whole

Most of the District's net position is invested in capital assets (buildings, land, vehicles and equipment). The remaining unrestricted net position is a combination of designated and undesignated amounts. The designated balances are amounts set aside by management to finance future purchases or capital projects as planned by the district. For Additional information on the Capital assets see Note 4 on page 19.

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Governmental Activities:				
Assets not being depreciated:				
Land	\$ 99,455	\$ -	\$ -	\$ 99,455
Water Rights	10,000	-	-	10,000
Construction in Progress	2,760,662	15,509,073	-	18,269,735
Total Assets not being depreciated	<u>2,870,117</u>	<u>15,509,073</u>	<u>-</u>	<u>18,379,190</u>
Assets being depreciated:				
Buildings and Improvements	9,518,441	-	2,003,389	7,515,052
Transportation equipment	847,458	165,308	130,709	882,057
Other equipment	1,347,209	146,099	826,623	666,685
Site Improvements	829,993	-	411,605	418,388
Total Assets being depreciated	<u>12,543,101</u>	<u>311,407</u>	<u>3,372,326</u>	<u>9,482,182</u>
Accumulated depreciation:				
Buildings	(5,997,608)	(185,553)	(1,525,226)	(4,657,935)
Transportation equipment	(549,513)	(59,354)	(130,709)	(478,158)
Other equipment	(1,009,365)	(73,537)	(728,492)	(354,410)
Site Improvements	(685,631)	(21,995)	(203,678)	(503,948)
Total Accumulated depreciation	<u>(8,242,117)</u>	<u>(340,439)</u>	<u>(2,588,105)</u>	<u>(5,994,451)</u>
Net Capital Assets	<u>\$ 7,171,101</u>	<u>\$ 15,480,041</u>	<u>\$ 784,221</u>	<u>\$ 21,866,921</u>

Changes in the District's long term debt for the year ended June 30, 2020:

	<u>Balance</u> <u>7/1/19</u>	<u>Advances</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/20</u>	<u>Current</u> <u>Portion</u>	<u>Interest</u> <u>Expense</u>
<u>Governmental Activities</u>						
2018 GO Bonds	\$ 22,296,400	\$ -	\$ 768,312	\$ 21,528,088	\$ 786,167	\$ 853,044
2019 Note Payable	114,309	-	114,309	-	-	-
Lease Obligations	267,909	-	257,880	10,029	8,559	11,889
PERA Net Pension Liability	9,887,827	-	1,785,359	8,102,468	-	-
Net OPEB Liability	493,837	-	95,186	398,651	-	-
Accrued Compensated Absences	29,648	6,290	-	35,938	-	-
Total Long Term Obligations	\$ 33,089,930	\$ 6,290	\$ 3,021,046	\$ 30,075,174	\$ 794,726	\$ 864,933

More detailed information on the District's long term debt can be found on Note 6 on page 20.

The results of this year's operations are reported in the Statement of Activities. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the local taxes that are assessed to community taxpayers and state equalization that is provided by the State of Colorado.

Economic Factors and Future Budgets

The District has experienced a small decrease in student enrollment the past several years. All indications show enrollment should remain steady with possible increases with the move into a new state of the art facility beginning with the 2021 school year. The state formula for funding school districts in Colorado is tied directly to the number of pupils enrolled which is impacted by State budgetary constraints. The 2020 pandemic has hit all districts and the specific impacts effected the current year operations and are anticipated to impact future operations and budgets. Not only the capital project that the district is completing but how classes can be taught, whether in class or online.

The District entered into a Memorandum of Understanding (MOU) with the Colorado Department of Education – Capital Construction division committing to Guaranteed Maximum Price, Specifications, and Schedule between Hayden School District (HSD) and the Colorado Department of Education (CDE). This MOU was to assist with the financing needed entities for the Junior / High School replacement and the Elementary School Renovation to be located at 300 Breeze Basin Blvd, Hayden, CO 81639. This MOU includes an affirmation of the scope approved with the award of the BEST Grant by the Capital Construction Assistance Board, also approved by the State Board of Education and the Capital Development Committee.

It is understood by Hayden School District that the Guaranteed Maximum Price of the project is to be \$61,175,897.00. It is also understood that the local HSD match is \$22,296,400.00 in General Obligation Bonds issued on December 6, 2018, with the remaining balance of \$38,879,497.00 to come from the BEST Grant. The HSD grant application had listed the soft costs at \$8,183,634.42 and hard costs at \$52,992,262.59 with a total project cost of \$61,175,897.00.

The Specifications (or scope) of the project is the renovation of the existing Elementary School, build an addition to the existing Elementary School for the Secondary School, and demolish the existing Secondary School. All of which is outlined in the BEST grant application. The improvements will be permitted through the Colorado Department of Public Safety, Division of Fire Prevention & Control, or their prequalified building department, and are designed and constructed to meet state and local building codes.

The Schedule and proposed timeline is as follows , subject to the Covid pandemic impact, both state and county requirements, availability of contractor's which could move the anticipated deadlines;

- Design: Has occurred since the Summer 2018 through February 2019, with updates as needed
- Construction: from March 2019 to November 2020 , anticipating finishing up October, 2021
- Building Acceptance and Move-in: August 2020, probably closer to November, 2020
- Close-out: Initial projection October 2020, probably closer October 2021
- Final fund request submitted prior to November 15, 2021

As of fiscal year ending June 30, 2020 the State of Colorado and Routt County had both enacted public health orders to combat the pandemic and to address Colorado/Routt county's state of emergency. The District has also passed resolutions to address this impact on the District's operations. It is not anticipated that those restrictions will be lifted prior to the start of the next school year. At the minimum there may be funding and/or the lessening of restrictions that will impact both school operations and the completion of the new school building. The District will plan for various scenarios to balance the needs of students with those anticipated state and local regulations, at a minimum remote learning options and procedures for protecting staff and students when in room classes can start back up.

Contacting the Districts Financial Management

If you would like to request additional financial information, please contact:

Finance Office
Hayden School District RE-1
300 Breeze Basin Blvd
PO Box 70
Hayden, CO 81639

Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Education
Hayden School District RE-1
Hayden, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of the Hayden School District RE-1, Colorado, as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise the basic financial statements of the District, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 controls. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Hayden School District RE-1, Colorado, as of June 30, 2020, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Hayden School District RE-1 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 24, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information – Management Discussion and Analysis and Pension Schedules (Unaudited)

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M5 and pension schedules on pages 44-47 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.

Required Supplementary Information – Budgetary Comparison Schedule and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 48-51 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. In addition, the combining and individual fund schedules on pages 52-57 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Colorado Department of Education Auditors Integrity and Bolded Balance Sheet reports on pages 58-61 are presented for state regulatory compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Mayberry + Company, LLC

Englewood, CO
June 9, 2021

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BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all government-wide and fund level activity as of June 30, 2020.

HAYDEN SCHOOL DISTRICT RE-1

Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
Assets	
Current Assets	
Cash and Investments	\$ 6,440,664
Cash with Fiscal Agent	5,140,914
Taxes Receivable	177,658
Grants Receivable	334,210
Other Accounts Receivable	62,550
Inventory	5,637
Prepaid Expenses	48,334
Capital and Other Assets	
BEST Grant Receivable	58,089,578
Capital Assets not Being Depreciated	18,379,190
Capital Assets Being Depreciated	9,482,182
Accumulated Depreciation	<u>(5,994,451)</u>
Total Assets	<u>92,166,466</u>
Deferred Outflows of Financial Resources	
Net Pension Deferred Outflows	1,941,514
Net OPEB Deferred Outflows	<u>24,557</u>
Total Deferred Outflows of Financial Resources	<u>1,966,071</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	<u>\$ 94,132,537</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
Liabilities	
Current Liabilities	
Accounts Payable	\$ 499,480
Retainage Payable	830,731
Accrued Interest	69,841
Accrued Salaries & Benefits	562,995
Payroll Taxes & Deductions Payable	43,058
Unearned Revenue	10,873
Unearned Revenue Grants	535,941
Noncurrent Liabilities	
Due Within One Year	794,726
Due In More Than One Year	<u>29,280,448</u>
Total Liabilities	<u>32,628,093</u>
Deferred Inflows of Financial Resources	
Net Pension Deferred Inflows	7,726,472
Net OPEB Deferred Inflows	<u>131,594</u>
Total Deferred Inflows of Financial Resources	<u>7,858,066</u>
Net Position	
Net Investment in Capital Assets	1,123,530
Restricted Net Position	2,084,677
Unrestricted Net Position	<u>50,438,171</u>
Total Net Position	<u>53,646,378</u>
TOTAL LIABILITIES, DEFERRED OUTFLOWS AND NET POSITION	<u>\$ 94,132,537</u>

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

HAYDEN SCHOOL DISTRICT RE-1

Statement of Activities
For the Year Ended June 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital Grants</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>and</u>	<u>Change in Net</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Position</u>
					<u>Governmental</u>
					<u>Activities</u>
Primary Government					
Governmental Activities					
Instruction	\$ 2,339,253	\$ 170,705	\$ 525,539	\$ 14,622	\$ (1,628,387)
Supporting Services	3,999,307	143,832	1,179,572	53,275,654	50,599,751
Total Primary Government	<u>\$ 6,338,560</u>	<u>\$ 314,537</u>	<u>\$ 1,705,111</u>	<u>\$ 53,290,276</u>	<u>48,971,364</u>
General Revenues					
Property Taxes					5,578,990
Specific Ownership Taxes					380,961
State Equalization					1,567,776
Investment Earnings					64,021
Other Revenues					<u>202,764</u>
Total General Revenues and Transfers					<u>7,794,512</u>
Change in Net Position					<u>56,765,876</u>
Beginning Net Position					(10,724,502)
Prior Period Restatement					<u>7,605,004</u>
Beginning Net Position (As Restated)					<u>(3,119,498)</u>
Ending Net Position					<u>\$ 53,646,378</u>

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

HAYDEN SCHOOL DISTRICT RE-1
Balance Sheet
Governmental Funds
June 30, 2020

	<u>Special Revenue</u>			
	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Pupil Activity Fund</u>	<u>Transportation Fund</u>
ASSETS				
Cash and Investments	\$ 3,453,240	\$ 73,493	\$ 119,716	\$ 151,992
Cash with Fiscal Agent	64,277	-	-	966
Taxes Receivable	110,772	-	-	4,976
Interfund Accounts Receivable	22,718	-	6,114	-
Grants Receivable	334,210	-	-	-
Other Accounts Receivable	59,041	3,509	-	-
Inventory	-	5,637	-	-
Prepaid Expenses	48,334	-	-	-
TOTAL ASSETS	<u>\$ 4,092,592</u>	<u>\$ 82,639</u>	<u>\$ 125,830</u>	<u>\$ 157,934</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities				
Interfund Accounts Payable	\$ -	\$ 47,279	\$ 14,654	\$ 7,051
Accounts Payable	77,464	2,227	-	-
Retainage Payable	-	-	-	-
Loans Payable	-	-	-	-
Accrued Salaries & Benefits	559,496	3,499	-	-
Payroll Taxes & Deductions Payable	43,058	-	-	-
Unearned Revenue	7,611	3,262	-	-
Unearned Revenue Grants	461,305	-	-	-
Total Liabilities	<u>1,148,934</u>	<u>56,267</u>	<u>14,654</u>	<u>7,051</u>
Deferred Inflows of Financial Resources				
Deferred Inflows	39,261	-	-	1,764
Fund Balance				
Nonspendable Fund Balance	48,334	5,637	-	-
Restricted Fund Balance				
Restricted for Debt Service	-	-	-	-
Restricted for TABOR Emergencies	222,000	-	-	-
Committed Fund Balance	-	20,735	111,176	149,119
Assigned Fund Balance	-	-	-	-
Unassigned Fund Balance	2,634,063	-	-	-
Total Fund Balance	<u>2,904,397</u>	<u>26,372</u>	<u>111,176</u>	<u>149,119</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 4,092,592</u>	<u>\$ 82,639</u>	<u>\$ 125,830</u>	<u>\$ 157,934</u>

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

<u>Debt Service</u>		<u>Capital Projects</u>		<u>Totals</u>	
<u>Bond</u>					
<u>Redemption</u>		<u>Capital Reserve</u>			
<u>Fund</u>	<u>Building Fund</u>	<u>Project Fund</u>	<u>2020</u>	<u>2019</u>	
\$ 1,828,636	\$ 12,555	\$ 801,032	\$ 6,440,664	\$ 4,981,039	
12,058	5,063,613	-	5,140,914	19,761,793	
61,910	-	-	177,658	128,623	
-	58,136	-	86,968	212,175	
-	-	-	334,210	14,856	
-	-	-	62,550	82,904	
-	-	-	5,637	6,596	
-	-	-	48,334	17,685	
<u>\$ 1,902,604</u>	<u>\$ 5,134,304</u>	<u>\$ 801,032</u>	<u>\$ 12,296,935</u>	<u>\$ 25,205,671</u>	
\$ 17,984	\$ -	\$ -	\$ 86,968	\$ 212,175	
-	10,000	409,789	499,480	89,381	
-	809,163	21,568	830,731	82,163	
-	-	-	-	114,309	
-	-	-	562,995	557,834	
-	-	-	43,058	-	
-	-	-	10,873	9,878	
-	-	74,636	535,941	687,009	
<u>17,984</u>	<u>819,163</u>	<u>505,993</u>	<u>2,570,046</u>	<u>1,752,749</u>	
<u>21,943</u>	<u>-</u>	<u>-</u>	<u>62,968</u>	<u>30,418</u>	
-	-	-	53,971	6,596	
1,862,677	-	-	1,862,677	1,513,046	
-	-	-	222,000	209,000	
-	-	-	281,030	265,095	
-	4,315,141	295,039	4,610,180	19,843,837	
-	-	-	2,634,063	1,584,930	
<u>1,862,677</u>	<u>4,315,141</u>	<u>295,039</u>	<u>9,663,921</u>	<u>23,422,504</u>	
<u>\$ 1,902,604</u>	<u>\$ 5,134,304</u>	<u>\$ 801,032</u>	<u>\$ 12,296,935</u>	<u>\$ 25,205,671</u>	

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HAYDEN SCHOOL DISTRICT RE-1

**Reconciliation of Governmental Fund Balances
to Governmental Activities Net Position
June 30, 2020**

Fund Balance - Governmental Funds		\$	9,663,921
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, not being depreciated	\$	18,379,190	
Capital assets, being depreciated		9,482,182	
Accumulated depreciation		<u>(5,994,451)</u>	21,866,921
Certain long-term assets are not available to pay for current year expenditures and are therefore not reported in the funds			
Long-Term BEST Grant Receivable			58,089,578
Certain long-term pension and OPEB related costs and adjustments are not available to pay or payable currently and are therefore not reported in the funds			
Pension Liability			
Net pension deferred outflows		1,941,514	
Net pension liability		(8,102,468)	
Net pension deferred inflows		<u>(7,726,472)</u>	(13,887,426)
OPEB Liability			
Net OPEB deferred outflows		24,557	
Net OPEB liability		(398,651)	
Net OPEB deferred inflows		<u>(131,594)</u>	(505,688)
Certain assets are not available to pay for current year expenditures and are therefore deferred in the funds			
Deferred property taxes			62,968
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Bonds payable		(21,528,088)	
Capital leases payable		(10,029)	
Accrued interest payable		(69,841)	
Accrued compensated absences		<u>(35,938)</u>	(21,643,896)
Total Net Position - Governmental Activities			<u>\$ 53,646,378</u>

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

HAYDEN SCHOOL DISTRICT RE-1
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	General Fund	Special Revenue		
		Food Service Fund	Pupil Activity Fund	Transportation Fund
REVENUES				
Local Sources	\$ 4,509,625	\$ 35,361	\$ 61,968	\$ 164,356
Intermediate Sources	27,231	-	-	1,183
State Sources	2,305,051	2,452	-	-
Federal Sources	225,770	44,996	-	-
TOTAL REVENUES	<u>7,067,677</u>	<u>82,809</u>	<u>61,968</u>	<u>165,539</u>
EXPENDITURES				
Instruction	3,148,504	-	75,512	-
Pupil Support	369,466	-	-	-
Staff Support	206,748	-	-	-
General Administration	343,560	-	-	-
School Administration	333,694	-	-	-
Business Services	161,439	-	-	390
Operations and Maintenance	460,332	-	-	-
Transportation	183,992	-	-	20,000
Other Central Support	411,869	-	-	-
Risk Management	65,090	-	-	-
Food Service	-	145,129	-	-
Facilities	-	-	-	-
Debt Service	8,866	-	-	114,309
TOTAL EXPENDITURES	<u>5,693,560</u>	<u>145,129</u>	<u>75,512</u>	<u>134,699</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>1,374,117</u>	<u>(62,320)</u>	<u>(13,544)</u>	<u>30,840</u>
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	-	-	-	-
Transfers	(263,650)	60,000	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(263,650)</u>	<u>60,000</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>1,110,467</u>	<u>(2,320)</u>	<u>(13,544)</u>	<u>30,840</u>
BEGINNING FUND BALANCE	<u>1,793,930</u>	<u>28,692</u>	<u>124,720</u>	<u>118,279</u>
ENDING FUND BALANCE	<u>\$ 2,904,397</u>	<u>\$ 26,372</u>	<u>\$ 111,176</u>	<u>\$ 149,119</u>

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

Debt Service		Capital Projects		Totals	
Bond		Capital Reserve			
Redemption		Building Fund	Project Fund	2020	2019
Fund					
\$ 1,956,830	\$ 324	\$ 14,721	\$ 6,743,185	\$ 6,708,113	
15,007	-	-	43,421	90,253	
-	-	431,357	2,738,860	2,218,549	
-	-	-	270,766	190,953	
<u>1,971,837</u>	<u>324</u>	<u>446,078</u>	<u>9,796,232</u>	<u>9,207,868</u>	
-	-	-	3,224,016	3,206,665	
-	-	-	369,466	511,749	
-	-	-	206,748	132,449	
-	-	-	343,560	279,395	
-	-	-	333,694	352,674	
850	-	-	162,679	139,051	
-	-	-	460,332	542,630	
-	-	30,999	234,991	314,799	
-	-	-	411,869	219,327	
-	-	-	65,090	42,250	
-	-	-	145,129	140,315	
-	15,220,929	431,357	15,652,286	2,760,662	
<u>1,621,356</u>	<u>-</u>	<u>200,424</u>	<u>1,944,955</u>	<u>537,651</u>	
<u>1,622,206</u>	<u>15,220,929</u>	<u>662,780</u>	<u>23,554,815</u>	<u>9,179,617</u>	
<u>349,631</u>	<u>(15,220,605)</u>	<u>(216,702)</u>	<u>(13,758,583)</u>	<u>28,251</u>	
-	-	-	-	22,296,400	
-	-	203,650	-	-	
-	-	203,650	-	22,296,400	
349,631	(15,220,605)	(13,052)	(13,758,583)	22,324,651	
1,513,046	19,535,746	308,091	23,422,504	1,097,853	
<u>\$ 1,862,677</u>	<u>\$ 4,315,141</u>	<u>\$ 295,039</u>	<u>\$ 9,663,921</u>	<u>\$ 23,422,504</u>	

HAYDEN SCHOOL DISTRICT RE-1

**Reconciliation of Governmental Changes in Fund Balance
to Governmental Activities Change in Net Position
For the Year Ended June 30, 2020**

Change in Fund Balance - Governmental Funds		\$ (13,758,583)
<p>Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level</p>		
Capitalized Asset Purchases	\$ 15,820,480	
Depreciation Expense	(340,439)	
Gain (Loss) on Asset Disposals	<u>(784,221)</u>	14,695,820
<p>The long-term BEST grant receivable will be amortized based on the depreciation of the underlying building that is the basis of the grant</p>		
Current year BEST capital improvements		53,275,654
<p>Certain assets are not available to pay for current year expenditures and are therefore deferred in the funds</p>		
Change in Deferred Revenue		32,550
<p>Pension and OPEB expense at the fund level represent cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.</p>		
Pension Liability		
Current year change and amortization of deferred outflows - net	(2,499,414)	
Change in net pension liability	1,785,359	
Current year change and amortization of deferred inflows - net	<u>2,206,923</u>	1,492,868
OPEB Liability		
Current year change and amortization of deferred outflows - net	(9,013)	
Change in OPEB liability	95,186	
Current year change and amortization of deferred inflows - net	<u>(79,996)</u>	6,177
<p>Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level.</p>		
Principal payments on bonds payable	768,312	
Principal payments on capital leases	257,880	
Change in accrued interest payable	1,488	
Change in accrued compensated absences	<u>(6,290)</u>	<u>1,021,390</u>
Total Net Position - Governmental Activities		<u>\$ 56,765,876</u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Hayden School District RE-1 (the District) conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies:

Reporting Entity

In evaluating how to define the government, for financial reporting purposes, the District's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity* and as subsequently amended.

Based upon the application of these criteria, no additional organizations are includable within the District's reporting entity.

Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information of the District as a whole. The reporting information includes all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues are presented as general revenues. The effects of interfund activity have been eliminated from the government-wide financial statements.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. The fiduciary funds are presented separately. As of June 30, 2020, the District no longer maintains fiduciary funds.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The District reports the following major governmental funds:

General Fund – This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service (Bond Redemption) Fund – This fund was established to account for the repayment of the District’s general obligation debt.

Capital Project – (Capital Reserve and Building Funds) – These funds were established to account for the acquisition and construction of capital facilities and equipment other than those financed by trust funds or through bond proceeds as well as accounting for the BEST Grant funded capital improvements.

Special Revenue – (Transportation) Fund – This fund accounts for revenue sources that are legally restricted to expenditure for specific purposes.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the same time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available as allowed by the per pupil operating revenue formula approved by the State legislature or within sixty days after year end. These revenues could include federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year end.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- o Budgets are required by state law for all funds. By May 31, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- o Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- o Prior to June 30, the budget is adopted by formal resolution.
- o Expenditures may not legally exceed appropriations at the fund level.
- o Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- o Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Education.
- o Encumbrance accounting is not utilized.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance

Cash and Investments – The District pools cash resources of its various funds in order to facilitate the management of cash. Cash is pooled in interest bearing accounts which are comprised of certificates of deposit, savings accounts, and money market accounts which are legally authorized. Investments are stated at fair value.

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

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Inventories – Inventory of proprietary funds are valued at the lower of cost (first-in, first-out) or market.

Capital Assets – Capital assets used in governmental activities operations are shown on the government-wide financial statements. These assets are not shown in the governmental funds and are therefore listed as a reconciling item between the two presentations. Property and equipment acquired or constructed for governmental fund operations are recorded as expenditures in the fund making the expenditure and capitalized at cost in the government-wide presentation.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance (Continued)

Property and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer. The District capitalizes all assets with a value of at least \$5,000 and a useful life in excess of one year.

Depreciation has been provided over the estimated useful lives of the asset in the government-wide presentation as well as in the proprietary fund. Depreciation is calculated using the straight-line method over the following useful lives:

Buildings and Site Improvements	25-50 years
Administrative Software/Systems	20 years
Equipment	5 years

Unearned Revenues – Unearned revenues include governmental grants which have been received but not yet earned as service has not been provided.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element 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. The government has several items that qualify for reporting in this category, all related to outstanding pension and OPEB obligations and further described in Notes 9 and 11.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element 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. The District reports deferred inflows for prepaid student balances and pension and OPEB related deferrals as further described in Notes 9 and 11.

Accrued Compensated Absences - Accumulated unpaid sick and vacation and other pay are serviced from other revenues in the General Fund. These liabilities are only recorded on the government-wide financial statements as they are not expected to be financed from current resources. At June 30, 2020, the District has recorded accrued leave as disclosed in Note 6.

Long-Term Debt –The District’s capital leases are paid through the General Fund and are shown as expenditures in that fund. For the government-wide presentation, principal payments are reclassified as reductions in the outstanding obligation balances.

Net Position/Fund Balance - In the government-wide financial statements and for the proprietary fund statements, net position are either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance (Continued)

For the governmental fund presentation, fund balances that are classified as “nonspendable” include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balances are reported as “restricted” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Education, are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as “assigned” fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. In the District's case, assignments are coordinated between the Board, Superintendent and Finance Director.

All remaining fund balance in the General Fund or deficits in the other governmental funds are presented as unassigned.

Net Position/Fund Equity Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses

Revenues and Expenditures/Expenses – Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees, and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred. Revenues that are directly attributable to a program are shown as program revenues for the statement of activities. These revenues consist of, but are not limited to grants, fees and other charges for services. Expenditures, where eligible, are first charged to restricted net position prior to being charged against unrestricted net position. Revenues and expenses of proprietary funds are recognized in essentially the same manner as in commercial accounting.

Property Tax Revenues – Property taxes are levied on December 15 based on the assessed value of property as certified by the county assessor on October 1. Assessed values are an approximation of market value. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November.

Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they are levied. Property taxes are recognized as revenue when payable to the County Treasurer. Due to the nature of Colorado school district funding, uncollected property taxes levied in the current fiscal year for collection in the subsequent fiscal year are identified as property taxes receivable at June 30, and are presented net of an estimated allowance for uncollectible taxes.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District’s financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 2: CASH AND INVESTMENTS

A summary of deposits and investments at June 30, 2020, is provided below:

Government-wide		
Unrestricted:		
Cash and Deposits	\$	470,580
Investments:		
Colotrust		<u>4,141,448</u>
Total Unrestricted - Government-wide		<u>4,612,028</u>
Restricted:		
Investments:		
Colotrust - Bond Redemption		290,750
Mutual funds - Bond Redemption		<u>1,537,886</u>
Total Restricted - Government-wide		<u>1,828,636</u>
Total Cash & Investments	\$	<u>6,440,664</u>

Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government’s deposits may not be returned to it. The District’s deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. 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 102% of the uninsured deposits. The institution’s internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At June 30, 2020, all of the District’s deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Collateralized (Not held in District's name)	<u>152,331</u>	<u>220,580</u>
Total Cash Deposits	<u>\$ 402,331</u>	<u>\$ 470,580</u>

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

Investments held as of June 30, 2020 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Uncategorized</u>	<u>Total</u>	<u>Weighted Avg. Mat. In Yrs</u>
Local Government Investment Pools	\$ -	\$ -	\$ -	\$ 4,432,198	4,432,198	-
Mutual Funds	-	1,537,886	-	-	1,537,886	-
Total Investments	<u>\$ -</u>	<u>\$ 1,537,886</u>	<u>\$ -</u>	<u>\$ 4,432,198</u>	<u>\$ 5,970,084</u>	-

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Mutual Funds: Valued at the proportionate share of ownership of the quoted market prices of the underlying assets.

The District recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2020, there was no changes in methods or assumptions utilized to derive the fair value of the District’s assets and liabilities.

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of the U.S. local government entities
- Bankers’ acceptances of certain banks
- Commercial paper
- Local government investment pool
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The District’s investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

The District has \$4,432,198 invested in the Colorado Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of Colotrust consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to Colotrust in connection with the direct investment and withdrawal functions of Colotrust. Substantially all securities owned by Colotrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by Colotrust. The fair value of the position in the pool is the same as the valuation of the pool shares.

Concentration of Credit Risk

The District places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase unless authorized by the local board. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in state statutes.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2020, the District did not have any investments requiring safekeeping.

NOTE 3: INVENTORIES

Food Service Fund inventory as of June 30, 2020 of \$5,637 consisted of purchased and donated commodities. 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.

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 4: CAPITAL ASSETS

Activity for governmental activity capital assets which are capitalized by the District is summarized below:

	Restated Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Governmental Activities:				
Assets not being depreciated:				
Land	\$ 99,455	\$ -	\$ -	\$ 99,455
Water Rights	10,000	-	-	10,000
Construction in Progress	2,760,662	15,509,073	-	18,269,735
Total Assets not being depreciated	2,870,117	15,509,073	-	18,379,190
Assets being depreciated:				
Buildings and Improvements	9,518,441	-	2,003,389	7,515,052
Transportation equipment	847,458	165,308	130,709	882,057
Other equipment	1,347,209	146,099	826,623	666,685
Site Improvements	829,993	-	411,605	418,388
Total Assets being depreciated	12,543,101	311,407	3,372,326	9,482,182
Accumulated depreciation:				
Buildings	(5,997,608)	(185,553)	(1,525,226)	(4,657,935)
Transportation equipment	(549,513)	(59,354)	(130,709)	(478,158)
Other equipment	(1,009,365)	(73,537)	(728,492)	(354,410)
Site Improvements	(685,631)	(21,995)	(203,678)	(503,948)
Total Accumulated depreciation	(8,242,117)	(340,439)	(2,588,105)	(5,994,451)
Net Capital Assets	\$ 7,171,101	\$ 15,480,041	\$ 784,221	\$ 21,866,921

Governmental activity depreciation is allocated for the statement of activities as follows:

Instruction	\$ 50,763
Supporting services	289,676
Total depreciation	\$ 340,439

With the partial demolition of the elementary school related to the BEST Project. The District has recorded a loss on disposal of \$784,221. This has been included as a supporting services expense for the Statement of Activities.

The District has restated the beginning capital asset balances to reflect \$2,760,662 of BEST project construction in progress that had been District funded during the 2019 fiscal year as discussed in Note 15.

NOTE 5: 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 as follows:

General Fund	\$ 559,496
Food Service Fund	3,499
Total Accrued Salaries and Benefits	\$ 562,995

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 6: LONG-TERM DEBT

Changes in the District’s long-term debt for the year ended June 30, 2020, were as follows:

	<u>Balance</u> <u>7/1/19</u>	<u>Advances</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/20</u>	<u>Current</u> <u>Portion</u>	<u>Interest</u> <u>Expense</u>
<u>Governmental Activities</u>						
2018 GO Bonds	\$ 22,296,400	\$ -	\$ 768,312	\$ 21,528,088	\$ 786,167	\$ 853,044
2019 Note Payable	114,309	-	114,309	-	-	-
Lease Obligations	267,909	-	257,880	10,029	8,559	11,889
PERA Net Pension Liability	9,887,827	-	1,785,359	8,102,468	-	-
Net OPEB Liability	493,837	-	95,186	398,651	-	-
Accrued Compensated Absences	29,648	6,290	-	35,938	-	-
Total Long Term Obligations	<u>\$ 33,089,930</u>	<u>\$ 6,290</u>	<u>\$ 3,021,046</u>	<u>\$ 30,075,174</u>	<u>\$ 794,726</u>	<u>\$ 864,933</u>

General Obligation Bonds Payable

On June 1, 2019 the District issues \$22,296,400 of general obligation bonds used to help construct a consolidated PK-12 facility as well as renovate and incorporate the existing elementary school facility into the new PK-12 facility. The issuance bears an interest rate of 3.89 percent. Interest is payable semi-annually on June 1 and December 1 of each year. Principal is payable over a period of twenty years and is payable annually on December 1 of each year.

Principal and interest is payable on the outstanding obligations as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2021	\$ 786,167	\$ 822,786	\$ 1,608,953
2022	816,773	791,584	1,608,357
2023	848,570	759,169	1,607,739
2024	881,605	725,491	1,607,096
2025	915,925	690,502	1,606,427
2026-2030	5,143,067	2,878,146	8,021,213
2031-2035	6,225,205	1,774,900	8,000,105
2033-2039	5,910,776	471,193	6,381,969
Totals	<u>\$ 21,528,088</u>	<u>\$ 8,913,771</u>	<u>\$ 30,441,859</u>

Capital Leases

On August 15, 2007, the School District entered into a Lease Agreement with All American Investment Group LLC for energy efficient upgrades to the buildings. Title to the equipment is vested in the School District. The lease payments are payable at 3.05% interest rate. This lease was refinanced in March 2013. The new lease is payable quarterly at 2.95% interest rate. In case of default or event of nonappropriation the lease will be cancelled or terminated at lessor’s option. Under this scenario the District may be required to deliver the equipment to the lessor, and the lessor may exercise any other right or remedy available at law or in equity. The District capitalized \$569,549 of assets related to the lease with a remaining basis of \$180,857. This lease was repaid during the fiscal year.

HAYDEN SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 6: LONG-TERM DEBT (Continued)

Capital Leases (Continued)

In August 2015, the School District entered into a Lease Agreement with Key Bank for wireless system upgrades. Title to the Equipment is vested in the School District. The lease payments are payable monthly at 3.192% interest rate. The School District repaid the balance during the fiscal year. The District capitalized assets with an original value of \$302,393 and a remaining basis of \$153,717.

In August 2016, the School District entered into a copier Lease Agreement with Great America Financial Services. Monthly payments of \$739 are due through August 2021, at an estimated interest rate of 5.0%. In the event of default all past due, current and future amounts will become immediately due and payable plus lessor's booked residual both discounted at 4 percent per year, interest payable on all past due amounts at 1.5%, be required to return equipment at lessee's expense to lessor, demand payment of all out-of-pocket costs incurred by the lessor, and exercise any other right, remedy or privilege available under applicable laws. The individual assets were not capitalized by the District.

The following is a schedule by years of future minimum under the lease agreement as of June 30, 2020:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2021	\$ 8,559	\$ 307	\$ 8,866
2022	1,469	9	1,478
Total	<u>\$ 10,028</u>	<u>\$ 316</u>	<u>\$ 10,344</u>

Short Term Note Payable

The School entered a \$114,309 note payable with Colorado/West Equipment, Inc. in April 2019, for the purchase of 2 buses. The first payment was made September 2019 with the remaining owed by May 2020. The School District repaid the balance during the fiscal year.

Accrued Compensated Absences

All employees, regardless of position, will be awarded annual leave by length of contract criteria. One leave day awarded per month. The District allows eligible employees to accrue annual leave up to a maximum of 60 days. Upon termination, the full accumulation is paid. The estimated liability is reflected as a long term liability. Payments for unused leave are typically funded through the General Fund.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: JOINTLY GOVERNED ORGANIZATION

The District is participant among five districts in a jointly governed organization to operate the Northwest Colorado Board of Cooperative Education Services (BOCES). The BOCES was formed for the purpose of administrative functions among member districts for special education and federal grants. The BOCES is governed by a board of directors consisting of a member of the board of education and the superintendent from each of the participating members. The District does not have an ongoing financial interest in or ongoing financial responsibility for the BOCES. Financial statements for the BOCES can be obtained from the BOCES administrative offices at: 325 7th St., Steamboat Springs, CO 80487. The District paid total assessments of \$24,759 to the BOCES for the year ended June 30, 2020.

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Colorado School Districts Self Insurance Pool

For liability and property claims, the District is involved with the Colorado School Districts Self Insurance Pool, a separate and independent governmental and legal entity formed by intergovernmental agreement by member districts.

The purposes of the Pool are to provide members defined liability, property, and workers compensation coverage and to assist members to prevent and reduce losses and injuries to property and to persons or property which might result in claims being made against members of the Pool, their employees and officers.

It is the intent of the members of the Pool to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of the Pool against stated liability of loss, to the limit of the financial resources of the Pool. It is also the intent of the members to have the Pool provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of the Pool shall be at all times dedicated to the exclusive benefit of its members.

The Pool is a separate legal entity and the District does not approve budgets nor does it have ability to significantly affect the operations of the Pool.

Other Insurance

The District carries commercial insurance for other risks of loss, including workers compensation.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SCHDTF are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates for the SCHDTF by 0.25 percent on July 1, 2019.
- Increases employee contribution rates for the SCHDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and 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.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.

General Information about the Pension Plan

- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

Benefits provided as of December 31, 2018. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 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, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA’s Annual Increase Reserve (AIR) for the SCHDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

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

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

Contributions provisions as of June 30, 2019: Eligible employees the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of July 1, 2018 through June 30, 2019. Employer contribution requirements are summarized in the table below:

	January 1, 2019 Through December 31, 2019	January 1, 2020 Through June 30, 2020
Employer contribution rate	10.15%	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%	-1.02%
Amount apportioned to the SCHDTF	9.13%	9.38%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	4.50%	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	5.50%	5.50%
Total employer contribution rate to the SCHDTF	19.13%	19.38%

¹ Rates are expressed as a percentage of salary as defined in C.R.S. 24-51-101(42).

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

Pursuant to C.R.S. § 24-51-414, PERA is to receive an annual direct distribution from the State of Colorado in the amount of \$225 million (in actual dollars). Beginning in 2018, the distribution will occur each July 1 until there are no unfunded actuarial accrued liabilities in the trust fund of any division that receives such distribution. PERA shall allocate the distribution to the trust funds as it would an employer contribution in a manner that is proportionate to the annual payroll of each division except there shall be no allocation to the Local Government Division.

House Bill (HB) 20-1379, signed by Governor Polis on June 29, 2020, suspends the July 1, 2020, direct distribution.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$613,684 for the year ended June 30, 2019.

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

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

At June 30, 2020, the District reported a liability of \$8,102,468 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ (8,102,468)
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	\$ (912,017)
Total	\$ (9,014,485)

At December 31, 2019, the District proportion was 0.05423 percent, which was a decrease of 0.00161 from its proportion measured as of December 31, 2018.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

For the year ended June 30, 2020, the District recognized pension expense of \$920,866 and revenue of \$912,017 for support from the State as a nonemployer contributing entity. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 456,117	\$ -
Changes of assumptions or other inputs	\$ 302,738	\$ (3,784,101)
Net difference between projected and actual earnings on pension plan investments	\$ 891,565	\$ (1,984,205)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (1,958,166)
Contributions subsequent to the measurement date	\$ 291,094	\$ -
Total	\$ 1,941,514	\$ (7,726,472)

\$291,094 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:	Fiscal Year Totals
2021	\$ (3,358,144)
2022	(2,364,511)
2023	(26,895)
2024	(326,502)
Total	\$ (6,076,052)

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:

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50-9.70%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic) ¹	1.25%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

¹ For 2019, the AI was 0.0%

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

As of November 18, 2016 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 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%.

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:

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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%.
- 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. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and the additional .50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop .50 percent every year until they are zero. Additionally, estimated employer contributions included 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 of Colorado, as a nonemployer contributing entity, provides an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- 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 AI 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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 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.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.43 percent were used in the discount rate determination resulting in a discount rate of 4.78 percent, 2.47 percent lower compared to the current measurement date.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension asset (liability)	\$ (10,745,608)	\$ (8,102,468)	\$ (5,883,322)

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.

NOTE 10: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2020 there were contributions of \$2,800 from program members.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

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

PERA Benefit Structure

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

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

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$32,528 for the year ended June 30, 2019.

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

At June 30, 2020, the District reported a liability of \$398,651 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The District' proportion of the net OPEB liability was based on the District' contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019 the District' proportion was 0.03547 percent, which was a decrease of 0.00083 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$21,718. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 1,505	\$ (67,003)
Net difference between projected and actual earnings on pension plan investments	\$ 6,569	\$ (13,602)
Changes of assumptions or other inputs	\$ 3,371	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (50,989)
Contributions subsequent to the measurement date	\$ 13,112	\$ -
Total	\$ 24,557	\$ (131,594)

\$13,112 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:	Fiscal Year Totals
2021	\$ (25,782)
2022	(25,782)
2023	(23,590)
2024	(26,223)
2025	(16,047)
2026	(1,767)
2027	(877)
Total	\$ (120,068)

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:

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50% in the aggregate
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	5.60% for 2019, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% for 2019, gradually rising to 4.50% in 2029
DPS Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of 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:

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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.

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

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 2018 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

As of the November 18, 2016 adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

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

Sensitivity of the District' 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:

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates			
	1% Decrease	Current Trend Rate	1% Increase
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%
Proportionate share of the net OPEB asset (liability)	\$ (389,181)	\$ (398,651)	\$ (409,594)

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

Based on the above assumptions and methods, the projection test indicates the 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. There was no change in the discount rate from the prior measurement date.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Proportionate share of the net OPEB asset (liability)	\$ (450,755)	\$ (398,651)	\$ (354,091)

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.

NOTE 12: INTERFUND ACTIVITY

The District has recorded the following routine transfers:

Transfer From	Transfer To	Amount
General Fund	Capital Projects Fund	\$ 203,650
General Fund	Food Service Fund	60,000
		<u>\$ 263,650</u>

The District also reported balances that were due (to) from other funds as follows:

	Interfund	
	Receivable	Payable
General Fund	\$ 22,718	\$ -
Food Service	-	47,279
Pupil Activity	6,114	14,654
Bond Redemption	-	17,984
Building	58,136	-
Transportation	-	7,051
Balance	<u>\$ 86,968</u>	<u>\$ 86,968</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 13: 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 but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Tabor Amendment – In November 1992, Colorado voters passed Article X, Section 20, (the Tabor Amendment), to the State Constitution which limits state and local government tax powers and imposes spending limitations. The District is subject to the Amendment. In November 1997, voters within the District passed a ballot issue which allows the District to collect, retain, and expend all revenues collected or received for the 1996-97 fiscal year and each subsequent year thereafter.

The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. The District has established an emergency reserve of \$222,000, as required by the Amendment.

The District has outstanding BEST grant related construction commitments of \$8,631,948 of which \$3,146,345 is expected to be funded by the District. The District had \$5,063,613 remaining in construction escrow funds as of June 30, 2020.

NOTE 14: BUDGET VIOLATION

For the year ended June 30, 2020, the District had a budget violation in the Transportation and Capital Reserve Project Funds in the amount of \$12,998 and \$159,130. The District did not adopt a budget for the Bond Redemption, Pupil Activity, and Building, which may be a violation of state statutes.

NOTE 15: PRIOR PERIOD RESTATEMENT

The District completed BEST related construction improvements in fiscal year 2019 that had not been included in the District's assets at year end. The District funded \$2,760,662 of these improvements that should have been reported as construction in progress. The Colorado Department of Education contributed \$4,813,924 of improvements to be reported as a BEST grant receivable. In addition, the District had reported \$30,418 of uncollected property taxes as unearned in the funds at year end that should have been recognized as revenue for the Statement of Net Position and Statement of Activities. Overall, governmental activity net position was increased by \$7,605,004, from a deficit of \$(10,724,502) to a deficit of \$(3,119,498) as of June 30, 2019.

REQUIRED SUPPLEMENTARY INFORMATION
(Pension Schedules - Unaudited)

HAYDEN SCHOOL DISTRICT RE-1

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year</u>	<u>District's proportion of the net pension asset (liability)</u>	<u>District's proportionate share of the net pension asset (liability)</u>	<u>Non-employer contributing entity's total proportionate share of the net pension asset (liability)</u>	<u>Total proportionate share associated with District</u>	<u>District's covered payroll</u>	<u>District's proportionate share of the net pension asset (liability) as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
June 30, 2014	0.068734%	\$ (8,766,967)	\$ -	\$ (8,766,967)	\$ 2,691,691	325.70%	64.07%
June 30, 2015	0.069775%	\$ (9,456,903)	\$ -	\$ (9,456,903)	\$ 2,842,943	332.64%	62.84%
June 30, 2016	0.070233%	\$ (10,741,574)	\$ -	\$ (10,741,574)	\$ 2,990,336	359.21%	59.16%
June 30, 2017	0.000717%	\$ (21,341,367)	\$ -	\$ (21,341,367)	\$ 3,173,424	672.50%	43.13%
June 30, 2018	0.070981%	\$ (22,952,652)	\$ -	\$ (22,952,652)	\$ 3,229,368	701.00%	43.96%
June 30, 2019	0.055841%	\$ (9,887,827)	\$ (1,189,390)	\$ (11,077,217)	\$ 3,069,890	322.09%	57.01%
June 30, 2020	0.054234%	\$ (8,102,468)	\$ (912,017)	\$ (9,014,485)	\$ 5,779,675	140.19%	64.52%

Note: All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

HAYDEN SCHOOL DISTRICT RE-1

SCHEDULE OF DISTRICT'S CONTRIBUTIONS

PERA Pension Plan
 Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2014	\$ 430,317	\$ (430,317)	\$ -	\$ 2,691,691	15.99%
June 30, 2015	\$ 480,263	\$ (480,263)	\$ -	\$ 2,842,943	16.89%
June 30, 2016	\$ 530,423	\$ (530,423)	\$ -	\$ 2,990,336	17.74%
June 30, 2017	\$ 583,250	\$ (583,250)	\$ -	\$ 3,173,424	18.38%
June 30, 2018	\$ 609,994	\$ (609,994)	\$ -	\$ 3,229,368	18.89%
June 30, 2019	\$ 587,270	\$ (587,270)	\$ -	\$ 3,069,890	19.13%
June 30, 2020	\$ 1,120,101	\$ (1,120,101)	\$ -	\$ 5,779,675	19.38%

Note: All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

HAYDEN SCHOOL DISTRICT RE-1

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
 NET OPEB ASSET (LIABILITY)
 PERA Health Care Trust Fund
 Last 10 Fiscal Years⁽¹⁾

Fiscal Year Ended	District's proportion of the net OPEB asset (liability)	District's proportionate share of the net OPEB asset (liability)	District's covered payroll	District's proportionate share of the net OPEB asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2017	0.040743%	\$ (528,244)	\$ 3,173,424	16.646%	16.70%
June 30, 2018	0.040331%	\$ (524,141)	\$ 3,229,368	16.230%	17.53%
June 30, 2019	0.000363%	\$ (493,837)	\$ 3,069,890	16.086%	17.03%
June 30, 2020	0.035467%	\$ (398,651)	\$ 5,779,675	6.897%	24.49%

Note: All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

HAYDEN SCHOOL DISTRICT RE-1

SCHEDULE OF DISTRICT'S CONTRIBUTIONS - OPEB

PERA Health Care Trust Fund

Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2017	\$ 32,369	\$ (32,369)	\$ -	\$ 3,173,424	1.02%
June 30, 2018	\$ 32,940	\$ (32,940)	\$ -	\$ 3,229,368	1.02%
June 30, 2019	\$ 31,313	\$ (31,313)	\$ -	\$ 3,069,890	1.02%
June 30, 2020	\$ 58,953	\$ (58,953)	\$ -	\$ 5,779,675	1.02%

Note: All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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BUDGETARY COMPARISON SCHEDULES
(Required Supplementary Information)

HAYDEN SCHOOL DISTRICT RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020				
	Original & Final			Variance with Final	2019
	Budget	Actual	Budget	Actual	Actual
REVENUES					
Local Sources					
Property Taxes	\$ 3,350,000	\$ 3,457,561	\$ 107,561	\$ 3,398,660	\$ 3,398,660
Specific Ownership Taxes	180,000	365,336	185,336	302,183	302,183
Delinquent Taxes	50,000	2,181	(47,819)	25,165	25,165
Other Taxes	-	-	-	81,431	81,431
Tuition From Individuals	75,000	87,779	12,779	35,444	35,444
Tuition Within the BOCES	25,000	10,000	(15,000)	58,711	58,711
Transportation Fees	15,000	-	(15,000)	-	-
Investment Earnings	12,000	29,370	17,370	19,204	19,204
Pupil Activity Revenues	30,167	28,889	(1,278)	25,677	25,677
Fees	42,700	32,182	(10,518)	41,521	41,521
Community Service Revenue	82,000	59,100	(22,900)	76,337	76,337
Donations	265,000	234,462	(30,538)	292,417	292,417
Other Local	18,633	202,765	184,132	107,038	107,038
Total Local Sources	<u>4,145,500</u>	<u>4,509,625</u>	<u>364,125</u>	<u>4,463,788</u>	<u>4,463,788</u>
Intermediate Sources					
Mineral Leases	40,000	27,231	(12,769)	87,253	87,253
State Sources					
State Share (Equalization)	1,549,649	1,567,776	18,127	1,360,708	1,360,708
Hold Harmless	-	-	-	43,070	43,070
State Transportation	35,000	34,966	(34)	39,775	39,775
State Grants from CDE					
State ECEA (Special Education)	-	94,348	94,348	-	-
State ELPA Prof Dev and Student Support	3,262	3,262	-	3,642	3,642
State ELPA	7,200	2,778	(4,422)	3,585	3,585
State Share - Colorado Preschool Program (CPP)	-	672	672	-	-
Comp Health - Education Grant	-	-	-	37,433	37,433
Full Day Kindergarten Facility Grant	80,000	93,036	13,036	164,980	164,980
Comp Health - Student Wellness	36,800	40,495	3,695	35,719	35,719
Early Literacy Grant	25,000	-	(25,000)	112,960	112,960
READ Act	-	-	-	5,009	5,009
State Grants to Libraries	3,500	1,753	(1,747)	3,500	3,500
School Health Professional	36,800	66,438	29,638	-	-
Small Rural Schools Additional Funding	104,000	103,990	(10)	148,899	148,899
Additional At-Risk Funding	-	1,261	1,261	1,573	1,573
Early Literacy Grant for Sustainability	-	-	-	25,000	25,000
Kindergarten Facility Grant	15,630	14,622	(1,008)	-	-
READ Act	7,671	7,670	(1)	-	-
Retaining Teachers	115,408	107,991	(7,417)	7,236	7,236
State Grants from Other Agencies					
State Vocational Education	29,000	28,710	(290)	38,936	38,936
State PERA Contribution	-	77,838	77,838	80,301	80,301
Other Agency State Grants	-	50,575	50,575	76,249	76,249
State Grants Provided through BOCES	72,084	6,870	(65,214)	27,226	27,226
Total State Sources	<u>2,121,004</u>	<u>2,305,051</u>	<u>184,047</u>	<u>2,215,801</u>	<u>2,215,801</u>
Federal Sources					
Federal Grants from CDE					
NCLB Title I, Part A- Imp Basic Prgrms Oper by Sch	95,587	97,405	1,818	108,595	108,595
NCLB Title II, Part A- Teacher & Principal Trng	4,787	4,624	(163)	7,858	7,858
ESSA, Title IV-A: Stud Supp and Acad Enrich Grants	10,000	10,000	-	10,000	10,000
Title III Set Aside	-	-	-	285	285
Natl Forest Land Pmts: Secure Rural Schools	18,000	17,697	(303)	-	-
Direct Federal Revenue					
NCLB, Title VI, Part B, Sub-Part I: REAP: Rural Ed	10,000	37,676	27,676	-	-
Other Direct Federal Grants	-	27,774	27,774	-	-
Federal Provided through BOCES	24,000	30,594	6,594	12,424	12,424
Total Federal Sources	<u>162,374</u>	<u>225,770</u>	<u>63,396</u>	<u>139,162</u>	<u>139,162</u>
TOTAL REVENUES	<u>6,468,878</u>	<u>7,067,677</u>	<u>598,799</u>	<u>6,906,004</u>	<u>6,906,004</u>

See the accompanying Independent Auditors' Report
(Continued)

HAYDEN SCHOOL DISTRICT RE-1
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 General Fund
 For the Year Ended June 30, 2020
 (With Comparative Totals for the Year Ended June 30, 2019)

	2020			2019 Actual
	Original & Final Budget	Actual	Variance with Final Budget	
(Continued)				
EXPENDITURES				
Instruction				
Salaries	2,197,500	1,960,729	236,771	1,890,991
Benefits	866,721	814,658	52,063	786,380
PS-Professional	42,700	110,231	(67,531)	107,332
PS-Property	18,500	11,963	6,537	8,534
PS-Other	36,410	109,092	(72,682)	188,814
Supplies	48,310	92,141	(43,831)	144,128
Property	-	24,622	(24,622)	19
Other Expenses	-	25,068	(25,068)	15,428
Total Instruction	<u>3,210,141</u>	<u>3,148,504</u>	<u>61,637</u>	<u>3,141,626</u>
Supporting Services				
Pupil Support				
Salaries	271,600	218,447	53,153	252,380
Benefits	97,500	75,510	21,990	86,987
PS- Professional	32,775	39,911	(7,136)	16,053
PS-Other	3,300	2,819	481	37,812
Supplies	4,670	30,440	(25,770)	115,331
Other Expenses	-	2,339	(2,339)	3,186
Total Pupil Support	<u>409,845</u>	<u>369,466</u>	<u>40,379</u>	<u>511,749</u>
Staff Support				
Salaries	109,000	76,782	32,218	60,828
Benefits	57,000	34,488	22,512	37,112
PS- Professional	104,250	38,501	65,749	7,157
PS-Other	88,995	42,459	46,536	13,113
Supplies	21,800	13,034	8,766	19,301
Property	-	-	-	(5,062)
Other Expenses	-	1,484	(1,484)	-
Total Staff Support	<u>381,045</u>	<u>206,748</u>	<u>174,297</u>	<u>132,449</u>
General Administration				
Salaries	164,677	183,387	(18,710)	149,361
Benefits	87,741	71,039	16,702	67,139
PS- Professional	27,000	30,610	(3,610)	26,290
PS- Property	5,000	1,457	3,543	-
PS-Other	54,382	39,363	15,019	29,717
Supplies	3,800	13,206	(9,406)	6,745
Other Expenses	-	4,498	(4,498)	-
Total General Administration	<u>342,600</u>	<u>343,560</u>	<u>(960)</u>	<u>279,252</u>
School Administration				
Salaries	235,000	230,555	4,445	241,921
Benefits	93,000	88,798	4,202	94,189
PS- Professional	2,500	50	2,450	1,891
PS- Property	21,300	-	21,300	8,223
PS-Other	2,750	11,322	(8,572)	3,317
Supplies	2,350	2,969	(619)	2,383
Other Expenses	-	-	-	750
Total School Administration	<u>356,900</u>	<u>333,694</u>	<u>23,206</u>	<u>352,674</u>

See the accompanying Independent Auditors' Report

(Continued)

HAYDEN SCHOOL DISTRICT RE-1
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 General Fund
 For the Year Ended June 30, 2020
 (With Comparative Totals for the Year Ended June 30, 2019)

	2020			2019 Actual
	Original & Final Budget	Actual	Variance with Final Budget	
(Continued)				
EXPENDITURES (Continued)				
Supporting Services (Continued)				
Business Services				
Salaries	99,532	100,008	(476)	87,554
Benefits	36,924	33,616	3,308	31,259
PS- Professional	31,554	9,101	22,453	240
PS- Property	13,000	11,994	1,006	15,023
PS-Other	1,000	5,463	(4,463)	1,427
Supplies	1,540	1,177	363	1,599
Other Expenses	-	80	(80)	-
Total Business Services	<u>183,550</u>	<u>161,439</u>	<u>22,111</u>	<u>137,102</u>
Operations and Maintenance				
Salaries	181,000	164,894	16,106	170,793
Benefits	76,000	57,789	18,211	65,102
PS- Professional	9,500	7,567	1,933	4,062
PS- Property	72,000	78,444	(6,444)	81,659
PS-Other	75,939	61,822	14,117	72,834
Supplies	142,191	89,816	52,375	148,180
Total Operations and Maintenance	<u>556,630</u>	<u>460,332</u>	<u>96,298</u>	<u>542,630</u>
Transportation				
Salaries	116,763	111,467	5,296	110,573
Benefits	34,187	34,557	(370)	31,323
PS- Professional	2,500	995	1,505	4,055
PS- Property	38,300	30,031	8,269	2,918
PS-Other	4,400	1,811	2,589	31,073
Supplies	60,850	38,265	22,585	48,230
Property	-	-	-	95
Other Expenses	-	(33,134)	33,134	(19,204)
Total Transportation	<u>257,000</u>	<u>183,992</u>	<u>73,008</u>	<u>209,063</u>
Other Central Support				
Salaries	86,841	5,882	80,959	79,063
Benefits	28,456	2,796	25,660	28,931
PS- Professional	19,670	185,797	(166,127)	27,653
PS-Other	23,100	37,485	(14,385)	23,197
Supplies	130,000	152,135	(22,135)	60,483
Property	-	27,774	(27,774)	-
Total Other Central Support	<u>288,067</u>	<u>411,869</u>	<u>(123,802)</u>	<u>219,327</u>
Risk Management				
PS-Other	-	65,090	(65,090)	42,250
Total Supporting Services	<u>2,775,637</u>	<u>2,536,190</u>	<u>239,447</u>	<u>2,426,496</u>

(Continued)

HAYDEN SCHOOL DISTRICT RE-1
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 General Fund
 For the Year Ended June 30, 2020
 (With Comparative Totals for the Year Ended June 30, 2019)

	2020		Variance with Final Budget	2019 Actual
	Original & Final Budget	Actual		
(Continued)				
EXPENDITURES (Continued)				
Debt Service				
Interest	-	724	(724)	3,736
Principal	-	8,142	(8,142)	56,743
Total Debt Service	-	8,866	(8,866)	60,479
Contingency	300,711	-	300,711	-
TOTAL EXPENDITURES	<u>6,286,489</u>	<u>5,693,560</u>	<u>592,929</u>	<u>5,628,601</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	182,389	1,374,117	1,191,728	1,277,403
OTHER FINANCING SOURCES (USES)				
Transfers	(278,650)	(263,650)	15,000	(298,000)
CHANGE IN FUND BALANCE	(96,261)	1,110,467	1,206,728	979,403
BEGINNING FUND BALANCE	1,379,590	1,793,930	414,340	814,527
ENDING FUND BALANCE	<u>\$ 1,283,329</u>	<u>\$ 2,904,397</u>	<u>\$ 1,621,068</u>	<u>\$ 1,793,930</u>

See accompanying Independent Auditors' Report.

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OTHER SUPPLEMENTARY INFORMATION

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SPECIAL REVENUE FUNDS

Food Service, Pupil Activity and Transportation Funds

These funds account for all financial activities associated with the District school lunch program, Pupil Activities and Transportation.

HAYDEN SCHOOL DISTRICT RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Food Service Fund
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020		Variance with Final Budget	2019 Actual
	Original & Final Budget	Actual		
REVENUES				
Local Sources				
Investment Earnings	\$ -	\$ 744	\$ 744	\$ 195
Food Service Revenue	40,215	34,618	(5,597)	47,035
Total Local Sources	40,215	35,362	(4,853)	47,230
State Sources				
State Grants from CDE				
State Matching Child Nutrition	-	1,008	1,008	1,075
School Lunch Protection	3,800	638	(3,162)	1,672
Other Agency State Grants	-	806	806	-
Total State Sources	3,800	2,452	(1,348)	2,747
Federal Sources				
Federal Grants from CDE				
National School Lunch Program	40,350	37,956	(2,394)	44,017
Federal Grants from Other State Agencies				
National School Lunch Program- Commodities	-	7,040	7,040	7,774
Total Federal Sources	40,350	44,996	4,646	51,791
TOTAL REVENUES	84,365	82,810	(1,555)	101,768
EXPENDITURES				
Supporting Services				
Food Service				
Salaries	69,275	76,357	(7,082)	68,370
Benefits	24,200	23,822	378	18,425
PS- Property	-	-	-	476
PS-Other	400	76	324	3,503
Supplies	-	670	(670)	998
Food	48,600	33,465	15,135	36,550
Commodities	-	10,297	(10,297)	9,388
Property	5,000	161	4,839	-
Other Expenses	-	281	(281)	2,605
TOTAL EXPENDITURES	147,475	145,129	2,346	140,315
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(63,110)	(62,319)	791	(38,547)
OTHER FINANCING SOURCES (USES)				
Transfers	60,000	60,000	-	60,000
CHANGE IN FUND BALANCE	(3,110)	(2,319)	791	21,453
BEGINNING FUND BALANCE	7,800	28,692	20,892	7,239
ENDING FUND BALANCE	\$ 4,690	\$ 26,373	\$ 21,683	\$ 28,692

See accompanying Independent Auditors' Report.

HAYDEN SCHOOL DISTRICT RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Pupil Activity Fund
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020		Variance with Final Budget	2019 Actual
	Original & Final Budget	Actual		
REVENUES				
Local Sources				
Investment Earnings	\$ -	\$ 2,085	\$ 2,085	\$ 440
Pupil Activity Revenues	-	54,038	54,038	95,942
Fees	-	5,845	5,845	-
TOTAL REVENUES	-	<u>61,968</u>	<u>61,968</u>	<u>96,382</u>
EXPENDITURES				
Instruction				
Supplies	-	75,184	(75,184)	64,679
Other Expenses	-	327	(327)	360
TOTAL EXPENDITURES	-	<u>75,511</u>	<u>(75,511)</u>	<u>65,039</u>
CHANGE IN FUND BALANCE	-	<u>(13,543)</u>	<u>(13,543)</u>	<u>31,343</u>
BEGINNING FUND BALANCE	-	<u>124,720</u>	<u>124,720</u>	<u>93,377</u>
ENDING FUND BALANCE	\$ -	<u>\$ 111,177</u>	<u>\$ 111,177</u>	<u>\$ 124,720</u>

See accompanying Independent Auditors' Report.

HAYDEN SCHOOL DISTRICT RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Transportation Fund
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020		Variance with Final Budget	2019 Actual
	Original & Final Budget	Actual		
REVENUES				
Local Sources				
Property Taxes	\$ -	\$ 155,299	\$ 155,299	\$ 150,494
Specific Ownership Taxes	-	4,975	4,975	9,503
Delinquent Taxes	-	(71)	(71)	197
Other Taxes	-	-	-	836
Transportation Fees	9,200	2,087	(7,113)	-
Investment Earnings	-	2,065	2,065	195
Total Local Sources	9,200	164,355	155,155	161,225
Intermediate Sources				
Mineral Leases	-	1,183	1,183	3,000
TOTAL REVENUES	9,200	165,538	156,338	164,225
EXPENDITURES				
Supporting Services				
General Administration				
PS- Professional	-	-	-	142
Business Services				
PS- Professional	-	390	(390)	249
Transportation				
PS- Professional	-	-	-	(4)
Property	121,700	19,999	101,701	105,740
Total Transportation	121,700	19,999	101,701	105,736
Debt Service				
Principal	-	114,309	(114,309)	-
TOTAL EXPENDITURES	121,700	134,698	(12,998)	106,127
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(112,500)	30,840	143,340	58,098
OTHER FINANCING SOURCES (USES)				
Transfers	15,000	-	(15,000)	-
CHANGE IN FUND BALANCE	(97,500)	30,840	128,340	58,098
BEGINNING FUND BALANCE	97,500	118,279	20,779	60,181
ENDING FUND BALANCE	\$ -	\$ 149,119	\$ 149,119	\$ 118,279

See accompanying Independent Auditors' Report.

DEBT SERVICE FUND

This fund is used to account for the repayment of the District's bonded debt.

HAYDEN SCHOOL DISTRICT RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Bond Redemption Fund
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020			2019 Actual
	Original & Final Budget	Actual	Variance with Final Budget	
REVENUES				
Local Sources				
Property Taxes	\$ -	\$ 1,932,596	\$ 1,932,596	\$ 1,934,518
Specific Ownership Taxes	-	10,651	10,651	-
Delinquent Taxes	-	(1,127)	(1,127)	-
Investment Earnings	-	14,710	14,710	2,172
Total Local Sources	-	1,956,830	1,956,830	1,936,690
Intermediate Sources				
Mineral Leases	-	15,007	15,007	-
TOTAL REVENUES	-	1,971,837	1,971,837	1,936,690
EXPENDITURES				
Supporting Services				
Business Services				
PS- Professional	-	850	(850)	1,700
Debt Service				
Interest	-	853,044	(853,044)	421,944
Principal	-	768,312	(768,312)	-
Total Debt Service	-	1,621,356	(1,621,356)	421,944
TOTAL EXPENDITURES	-	1,622,206	(1,622,206)	423,644
CHANGE IN FUND BALANCE	-	349,631	349,631	1,513,046
BEGINNING FUND BALANCE	-	1,513,046	1,513,046	-
ENDING FUND BALANCE	\$ -	\$ 1,862,677	\$ 1,862,677	\$ 1,513,046

See accompanying Independent Auditors' Report.

CAPITAL PROJECTS FUNDS

Building and Capital Reserve Projects Funds

These funds account for the District's major capital improvement and acquisition activities.

HAYDEN SCHOOL DISTRICT RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Building Fund
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020		Variance with Final Budget	2019
	Original & Final Budget	Actual		Actual
REVENUES				
Local Sources				
Investment Earnings	\$ -	\$ 324	\$ 324	\$ 8
EXPENDITURES				
Facilities/Capital Outlay				
Buildings	-	15,220,928	(15,220,928)	2,760,662
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	-	(15,220,604)	(15,220,604)	(2,760,654)
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	-	-	-	22,296,400
CHANGE IN FUND BALANCE	-	(15,220,604)	(15,220,604)	19,535,746
BEGINNING FUND BALANCE	-	19,535,746	19,535,746	-
ENDING FUND BALANCE	\$ -	\$ 4,315,142	\$ 4,315,142	\$ 19,535,746

See accompanying Independent Auditors' Report.

HAYDEN SCHOOL DISTRICT RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Reserve Project Fund
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020		Variance with Final Budget	2019
	Original & Final Budget	Actual		Actual
REVENUES				
Local Sources				
Investment Earnings	\$ -	\$ 14,721	\$ 14,721	\$ 2,790
State Sources				
State Grants from Other Agencies				
Other Agency State Grants	-	431,357	431,357	-
TOTAL REVENUES	<u>-</u>	<u>446,078</u>	<u>446,078</u>	<u>2,790</u>
EXPENDITURES				
Supporting Services				
Transportation				
Property	-	30,999	(30,999)	-
Facilities/Capital Outlay				
Buildings	565,000	431,357	133,643	-
Debt Service				
Interest	-	9,267	(9,267)	6,532
Principal	-	191,157	(191,157)	48,696
Total Debt Service	-	200,424	(200,424)	55,228
Contingency	(61,350)	-	(61,350)	-
TOTAL EXPENDITURES	<u>503,650</u>	<u>662,780</u>	<u>(159,130)</u>	<u>55,228</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(503,650)	(216,702)	286,948	(52,438)
OTHER FINANCING SOURCES (USES)				
Transfers	203,650	203,650	-	238,000
CHANGE IN FUND BALANCE	(300,000)	(13,052)	286,948	185,562
BEGINNING FUND BALANCE	865,000	308,091	(556,909)	122,529
ENDING FUND BALANCE	<u>\$ 565,000</u>	<u>\$ 295,039</u>	<u>\$ (269,961)</u>	<u>\$ 308,091</u>

See accompanying Independent Auditors' Report.

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STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 2760 - Hayden RE-1
 Fiscal Year 2019-20
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
	+		-	=
Governmental				
10 General Fund	1,793,930	6,804,028	5,693,560	2,904,397
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	1,793,930	6,804,028	5,693,560	2,904,397
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	28,692	142,809	145,128	26,373
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	124,720	61,968	75,512	111,176
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	118,279	165,539	134,699	149,119
31 Bond Redemption Fund	1,513,046	1,971,837	1,622,206	1,862,677
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	19,535,746	324	15,220,929	4,315,142
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	308,091	649,728	662,780	295,039
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	23,422,504	9,796,234	23,554,814	9,663,924
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

FINAL



Colorado Department of Education
Bolded Balance Sheet Report

District: 2760 - Hayden RE-1
 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 Special 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 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals		
ASSETS																		
Cash and Investments (8100-8104,8111)	3,453,240	0	0	271,708	0	0	73,493	1,828,636	813,587	0	0	0	0	0	0	6,440,665		
Cash with Fiscal Agent (8105)	64,277	0	0	967	0	0	0	12,058	5,063,613	0	0	0	0	0	0	5,140,915		
Taxes Receivable (8121,8122)	110,772	0	0	4,976	0	0	0	61,910	0	0	0	0	0	0	0	177,658		
Interfund Loans Receivable (8131,8132)	22,718	0	0	6,114	0	0	0	0	58,136	0	0	0	0	0	0	86,968		
Grants Accounts Receivable (8142)	334,210	0	0	0	0	0	0	0	0	0	0	0	0	0	0	334,210		
Other Receivables (8151-8154,8161)	59,041	0	0	0	0	0	3,509	0	0	0	0	0	0	0	0	62,550		
Inventories (8171,8172,8173)	0	0	0	0	0	0	5,637	0	0	0	0	0	0	0	0	5,637		
Prepaid Expenses 8181,8182)	48,334	0	0	0	0	0	0	0	0	0	0	0	0	0	0	48,334		
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total Assets	4,092,593	0	0	283,764	0	0	82,639	1,902,604	5,935,337	0	0	0	0	0	0	12,296,937		

See accompanying Independent Auditors' Report.

	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 Special 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 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85
LIABILITIES & FUND EQUITY															
LIABILITIES															
Interfund Payables (7401-7402)	0	0	0	21,705	0	0	47,279	17,984	0	0	0	0	0	0	86,968
Other Payables (7421-7423)	77,464	0	0	0	0	0	2,226	0	419,789	0	0	0	0	0	499,480
Contracts Payable (7431-7433)	0	0	0	0	0	0	0	0	830,730	0	0	0	0	0	830,730
Bonds Payables (7441-7445,7451,7452,7455)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Expenses (7461)	559,496	0	0	0	0	0	3,499	0	0	0	0	0	0	0	562,995
Payroll Ded. and Withholdings (7471-7473)	43,058	0	0	0	0	0	0	0	0	0	0	0	0	0	43,058
Unearned Revenue (7481)	7,611	0	0	0	0	0	3,262	0	0	0	0	0	0	0	10,872
Grants Deferred Revenue (7482)	461,305	0	0	0	0	0	0	0	74,636	0	0	0	0	0	535,941
Deferred Inflow (7800)	39,261	0	0	1,764	0	0	0	21,943	0	0	0	0	0	0	62,968
Total Liabilities	1,188,195	0	0	23,469	0	0	56,266	39,927	1,325,155	0	0	0	0	0	2,633,013

See accompanying Independent Auditors' Report.

Governmental

Proprietary

Fiduciary

FUND EQUITY	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 Special 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 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	48,334	0	0	0	0	0	5,637	0	0	0	0	0	0	0	0	53,971
Restricted Fund Balance 6720	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TABOR 3% Emergency Reserve 6721	222,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	222,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter 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	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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 6750	0	0	0	260,295	0	0	20,736	0	0	0	0	0	0	0	0	281,031
Assigned Fund Balance 6760	0	0	0	0	0	0	0	0	4,610,181	0	0	0	0	0	0	4,610,181
Unassigned Fund Balance 6770	2,634,063	0	0	0	0	0	0	1,862,677	0	0	0	0	0	0	0	4,496,740
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	2,904,397	0	0	260,295	0	0	26,373	1,862,677	4,610,181	0	0	0	0	0	0	9,663,924

	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 Special 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 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	4,092,593	0	0	283,764	0	0	82,639	1,902,604	5,935,337	0	0	0	0	0	0	12,296,937

	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 Special 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 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85
Do Assets=Liability+Fund Equity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes