

cPa DIXON, WALLER & CO., INC.

HUERFANO SCHOOL

DISTRICT NUMBER RE-1

WALSENBURG, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2020

DIXON, WALLER & CO., INC.

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HUERFANO SCHOOL DISTRICT NUMBER RE-1

FINANCIAL STATEMENTS

JUNE 30, 2020

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**HUERFANO SCHOOL DISTRICT NUMBER RE-1
ROSTER OF SCHOOL OFFICIALS
June 30, 2020**

BOARD OF EDUCATION

Sherry Gomez	President
Gretchen Orr-Sporleder	Vice-President
Julia Marchant	Treasurer
Dorothy Martinez	Secretary
Jaye Sudar	Member
David Tesitor	Member
Eva Vigil	Member

SCHOOL OFFICIALS

Michael Moore	Superintendent
Erica Mason	Business Manager

FINANCIAL SECTION



164 E. MAIN
TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

INDEPENDENT AUDITOR'S REPORT

**Board of Education
Huerfano School
District Number RE-1
Walsenburg, Colorado 81089**

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and post employment benefits trend data on pages i through xiii and 44 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Huerfano School District Number RE-1's basic financial statements. The combining and individual fund financial statements, other schedules, and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



November 29, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

**HUERFANO SCHOOL DISTRICT RE-1
201 EAST FIFTH STREET
WALSENBURG, COLORADO 81089
(719) 738-1520 FAX (719)738-3148**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FY 2019-20**

This section of the Huerfano School District RE-1's annual financial report offers readers of the District's financial statements its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information furnished in the District's financial statements, which immediately follow this section.

Financial Highlights

- Revenues totaled \$7,930,373 for 2019-20 compared to \$7,415,798 the prior year. General revenues, primarily property taxes and state equalization payments, account for approximately \$5.892 million or 74 percent of all revenues. Program specific revenues for services, grants, and contributions totaled \$1,714,246 compared to \$1,733,468 the prior year.
- The District had \$6,692,693 in expenses related to governmental activities compared to \$6,911,390 the prior year. Program specific charges for services, grants and contributions totaling \$1,714,246 were offset against the expenses leaving \$4,978,447 to be funded by other general revenues related to governmental activities.
- The District's General Fund, which includes Fund 10/General Fund, and Fund 19/CPP, started the fiscal year with a fund balance of \$2,280,125. After revenues of \$6,644,581 and program expenditures and transfers totaling \$6,456,126 the ending fund balance at June 30, 2020 was \$2,190,081.
- The Capital Projects Fund had a beginning fund balance of \$582,975. Total revenues of \$7,162 were comprised of interest earned on investments. Other sources included a transfer from the general fund totaling \$51,000 and capital lease proceeds of \$44,948. Expenditures totaled \$147,078 for capital outlay, leaving an ending fund balance of \$539,007.
- The Bond Redemption Fund had a beginning fund balance of \$733,927. Revenues, primarily from property taxes, totaled \$436,036 of which \$413,625 was used to pay principal, interest, and fiscal charges related to the Series 2002 Bonds. The ending fund balance in the Bond Redemption Fund increased to \$756,338.
- Government Designated Purpose Grants accounted for \$391,823 of the revenue and expenditures related to governmental activities compared to \$437,033 the prior year.

- Non-major governmental funds include student activities with a beginning fund balance of \$32,124 and food services with a beginning fund balance of \$73,620. Revenues totaled \$403,674 including transfers from the general fund totaling \$285,186. After expenditures of \$599,763 the ending fund balances totaled \$150,986 for student activities and \$43,855 for food services.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to Huerfano School District RE-1's basic financial statements. The basic financial statements consist of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information.

The basic financial statements include two kinds of statements that present different views of the District. The basic financial statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements. Detailed in the following diagram are how the various parts of this annual report are arranged and related to one another.

Government-wide Statements

The government-wide statements are designed to provide readers a broad overview of the finances of Huerfano School District RE-1, in a manner similar to private-sector business.

The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. The Statement of Net Position presents information on all of the District's assets and liabilities, with the differences 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 Huerfano School District RE-1 is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors such as the condition of school buildings and other facilities.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

Both of the district-wide financial statements distinguish functions of the District that 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 (business-type activities). Included in governmental activities are most of the District's basic services such as regular and special education, transportation, maintenance and operations, food services and administration.

The basic district-wide financial statements can be found starting on page 3 of the audited financial statements.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Certain funds are required by law while other funds control and manage money for particular purposes (such as federal grants or student activity).

The District's services are included in governmental funds, which focus on (1) inflows and outflows of cash and other financial assets and (2) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the district-wide statements, a reconciling schedule is included on the governmental funds statements explaining the relationship (or difference) between them.

Huerfano School District RE-1 maintains six governmental funds: General Fund including a sub-fund for the Colorado Preschool Program, Food Service, Government Designated Grants, Student Activity, Bond Redemption, and Capital Projects. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these funds. Supplementary information includes budget-to-actual information for all government funds as required by State law. The basic governmental fund financial statements can be found starting on page 3 of the audited financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found starting on page 9.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information starting on page 44. This includes budget-to-actual information for all funds as dictated by State law.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

All financial activities of the District are reported on the accrual basis of accounting. This section explains the differences between the current and prior year's assets, liabilities, and changes in the net position. The table below provides a comparison of the District's net position as of June 30, 2020 to June 30, 2019.

Huerfano School District RE-1 Condensed Statement of Net Position

	6/30/2020 Governmental Activities	6/30/2019 Governmental Activities	Net Change
ASSETS			
Current & Other Assets	\$ 4,989,519	\$ 4,790,620	\$ 198,899
Capital Assets	\$ 10,843,382	\$ 11,079,267	\$ (235,885)
Total Assets	\$ 15,832,901	\$ 15,869,887	\$ (36,986)
DEFERRED OUTFLOWS OF RESOURCES			
Bond Refunding	\$ 21,147	\$ 36,046	\$ (14,899)
Pension Cost - Subsequent Contributions	\$ -	\$ -	\$ -
Pension Cost - Investment Change	\$ 2,292,900	\$ 4,810,992	\$ (2,518,092)
Other Post Employment Benefits	\$ 76,041	\$ 89,893	\$ (13,852)
Total Deferred Outflows of Resources	\$ 2,390,088	\$ 4,936,931	\$ (2,546,843)
Current Liabilities	\$ 1,574,099	\$ 1,357,445	\$ 216,654
Non-Current Liabilities	\$ 10,762,064	\$ 13,189,311	\$ (2,427,247)
Total Liabilities	\$ 12,336,163	\$ 14,546,756	\$ (2,210,593)
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Earnings	\$ 7,075,948	\$ 8,834,858	\$ (1,758,910)
Other Post Employment Benefits	\$ 97,948	\$ 7,641	\$ 90,307
Total Deferred Inflows of Resources	\$ 7,173,896	\$ 8,842,499	\$ (1,668,603)
Net Position			
Net Investment in Capital Assets	\$ 9,665,179	\$ 9,559,267	\$ 105,912
Restricted For:			
TABOR	\$ 204,000	\$ 184,500	\$ 19,500
Preschool	\$ 4,637	\$ 21,103	\$ (16,466)
Debt	\$ 756,338	\$ 733,927	\$ 22,411
Food Service	\$ 33,288	\$ 66,186	\$ (32,898)
Unrestricted	\$ (11,950,512)	\$ (13,147,420)	\$ 1,196,908
Total Net Position	\$ (1,287,020)	\$ (2,582,437)	\$ 1,295,417

The Statement of Net Position reports all financial and capital resources. The statement presents assets and liabilities in order of relative liquidity. Liabilities reported as current include accounts payable, accrued salaries and benefits and amounts due on general obligation bonds within one year. The difference between the District's assets and liabilities is its net position.

Current Assets increased by \$198,899 primarily due to increase in cash balances at year end and an increase in taxes receivable. Capital Assets decreased by \$235,885 due to the net effect of capital asset additions offset by depreciation.

Total Liabilities decreased by \$2,210,593 primarily due to the changes in reporting Net Pension Obligation.

Net position increased \$1,295,367 primarily due to the decrease in pension expense recorded.

Changes in Net Assets

The District's Governmental Activities are reported on the accrual basis of accounting. Table 4 provides a summary of the changes in Net Position and comparison of revenues and expenditures from FY 2019-20 to FY 2018-19.

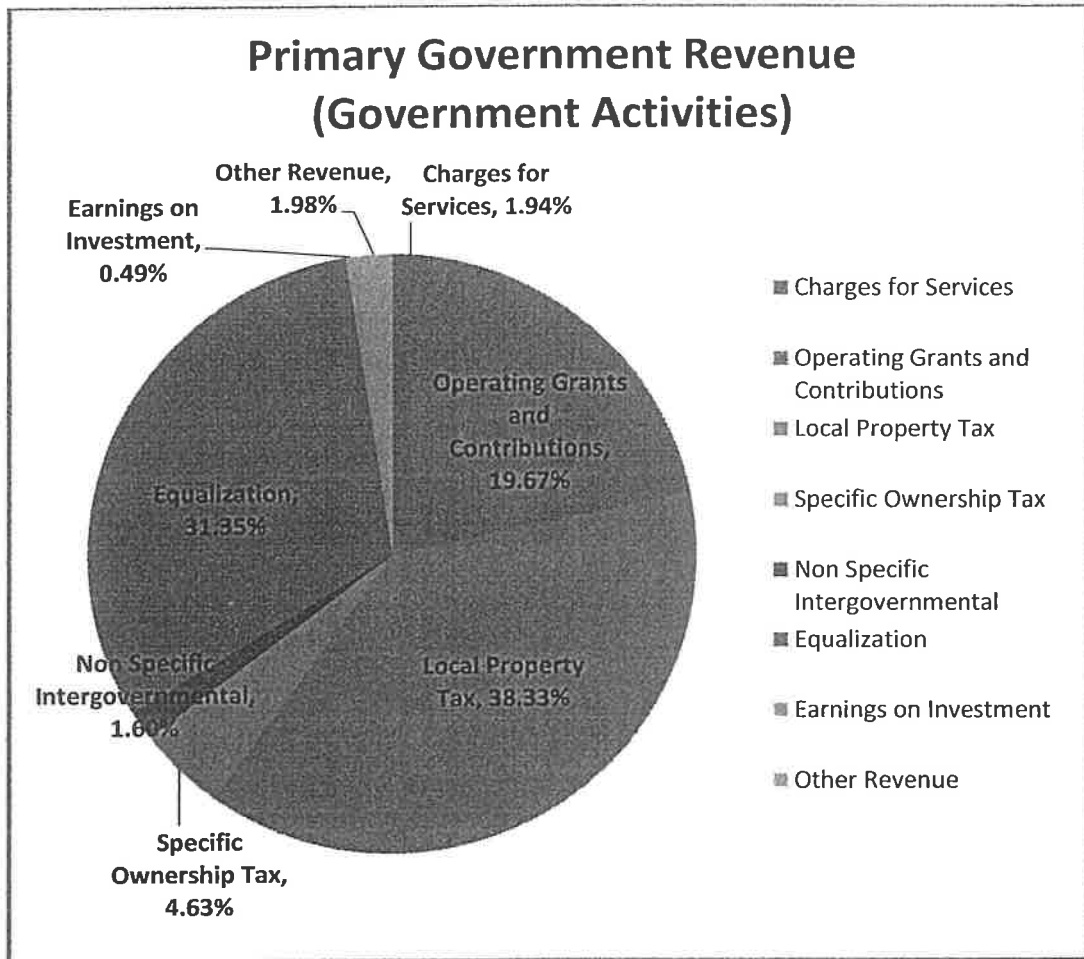
Huerfano School District RE-1 Condensed Statement of Changes in Net Position

	6/30/2020 Governmental Activities	6/30/2019 Governmental Activities	Net Change
Program Revenues			
Charges for Services	\$ 153,971	\$ 166,724	\$ (12,753)
Operating Grants & Contributions	\$ 1,450,945	\$ 1,566,744	\$ (115,799)
Capital Grants & Contributions	\$ 109,330	\$ -	\$ 109,330
General Revenues			
Property Taxes	\$ 3,039,936	\$ 2,956,141	\$ 83,795
Specific Ownership Taxes	\$ 366,977	\$ 356,839	\$ 10,138
Non Specific Intergovernmental	\$ 126,904	\$ 90,647	\$ 36,257
School Finance Act (Equalization)	\$ 2,486,050	\$ 2,176,493	\$ 309,557
Earnings on Investments	\$ 39,225	\$ 57,763	\$ (18,538)
State Direct Distribution	\$ 90,299	\$ -	\$ 90,299
Other Revenue	\$ 66,736	\$ 44,447	\$ 22,289
Total General Revenues	\$ 6,216,127	\$ 5,682,330	\$ 533,797
Total Revenues	\$ 7,930,373	\$ 7,415,798	\$ 514,575
Expenses			
Instruction	\$ 4,537,449	\$ 4,127,249	\$ 410,200
Student Support	\$ 300,576	\$ 166,957	\$ 133,619
Instructional Staff	\$ 62,936	\$ 76,109	\$ (13,173)
General Administration	\$ 211,894	\$ 211,063	\$ 831
School Administration	\$ 528,922	\$ 526,226	\$ 2,696
Business Support	\$ 230,248	\$ 215,789	\$ 14,459
Operations & Maintenance	\$ 650,506	\$ 698,454	\$ (47,948)
Student Transportation	\$ 298,714	\$ 311,677	\$ (12,963)
Central Support	\$ 465,621	\$ 394,432	\$ 71,189
Other Support	\$ 87,571	\$ 12,239	\$ 75,332
Food Service	\$ 398,863	\$ 399,344	\$ (481)
Community Services	\$ 420	\$ 1,922	\$ (1,502)
Interest on Long-Term Debt	\$ 48,944	\$ 63,306	\$ (14,362)
Capital Outlay	\$ 36,978	\$ 84,975	\$ (47,997)
Pension Amortization	\$ (1,167,607)	\$ (400,411)	\$ (767,196)
OPEB Expense	\$ 658	\$ 22,059	\$ (21,401)
Total Expenses	\$ 6,692,693	\$ 6,911,390	\$ (218,697)
Changes in Net Position	\$ 1,237,680	\$ 504,408	\$ 733,272
Net Position, Beginning	\$ (2,582,437)	\$ (3,086,845)	\$ 504,408
Prior Period Adjustment	\$ 57,687	\$ -	\$ 57,687
Net Position, Ending	\$ (1,287,070)	\$ (2,582,437)	\$ 1,295,367

Revenues increased overall by \$514,575 primarily due to the net increase in The School Finance Act (Equalization).

Expenses decreased by \$218,967 over the prior year primarily due to the decrease in amortization of deferred pension expenses.

**Huerfano School District RE-1
Government-Wide
Total Revenues FY 2019-20**

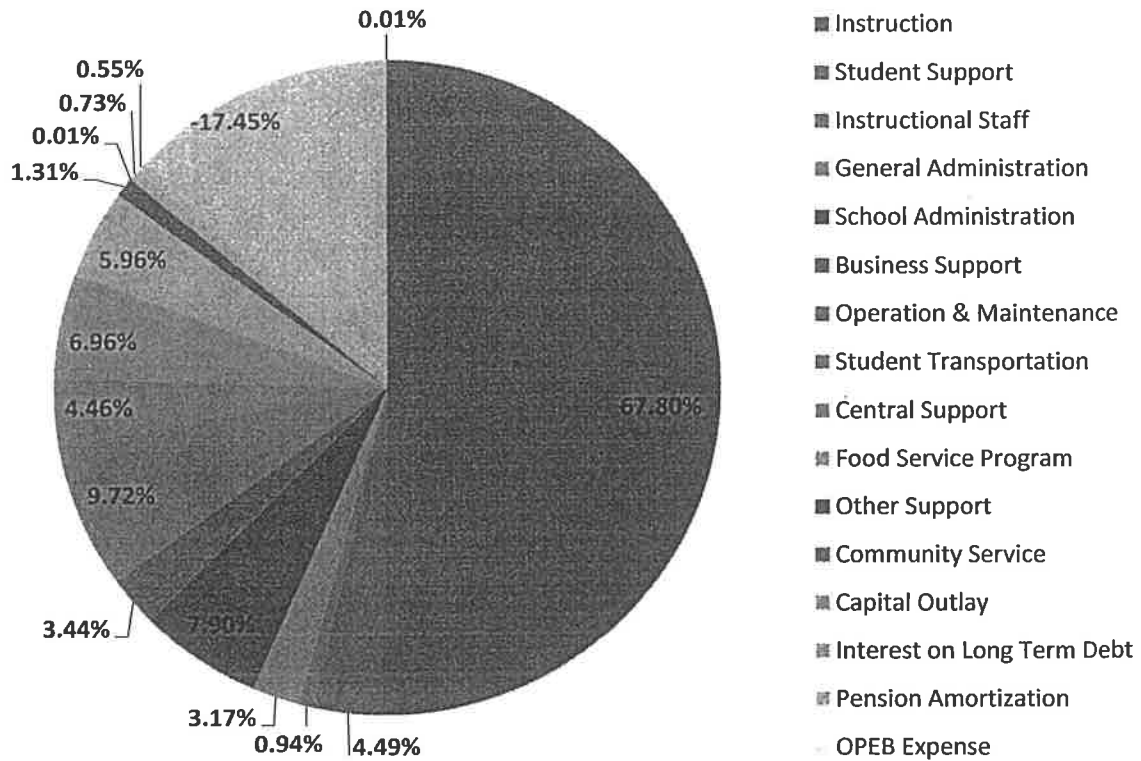


**PRIMARY GOVERNMENT REVENUE
(Government Activities)**

Charges for Services	\$ 153,971	1.94%
Operating Grants and Contributions	\$ 1,560,275	19.67%
Local Property Tax	\$ 3,039,936	38.33%
Specific Ownership Tax	\$ 366,977	4.63%
Non Specific Intergovernmental	\$ 126,904	1.60%
Equalization	\$ 2,486,050	31.35%
Earnings on Investment	\$ 39,225	0.49%
Other Revenue	\$ 157,035	1.98%
	<u>\$ 7,930,373</u>	<u>100.00%</u>

**Huerfano School District RE-1
Government Wide
Total Expenditures FY 2019-20**

**Primary Government Expenditures
(Includes Government Activities)**



**Primary Government Expenditures
(Includes Government Activities)**

Instruction	\$ 4,537,449	67.80%
Student Support	\$ 300,576	4.49%
Instructional Staff	\$ 62,936	0.94%
General Administration	\$ 211,894	3.17%
School Administration	\$ 528,922	7.90%
Business Support	\$ 230,248	3.44%
Operation & Maintenance	\$ 650,506	9.72%
Student Transportation	\$ 298,714	4.46%
Central Support	\$ 465,621	6.96%
Food Service Program	\$ 398,863	5.96%
Other Support	\$ 87,571	1.31%
Community Service	\$ 420	0.01%
Capital Outlay	\$ 48,944	0.73%
Interest on Long Term Debt	\$ 36,978	0.55%
Pension Amortization	\$ (1,167,607)	-17.45%
OPEB Expense	\$ 658	0.01%
	<u>\$ 6,692,693</u>	<u>100.00%</u>

The primary source of operating revenue for school districts comes from the Public School Finance Act of 1994. Under this Act, the District received \$9,415.62 per funded in-school student compared to \$8,964 the prior year. The District's actual funded pupil count on October 1, 2019 was 529.1 compared to 517 the prior year. Statute provides for averaging with prior years for declining enrollment districts.

Total Program Funding from the School Finance Act comes from property taxes, specific ownership taxes, and state equalization. The District received \$4,981,806 under the School Finance Act compared to \$4,634,475 the prior year. The state share decreased to 42%. The local share, which includes property taxes and specific ownership taxes, makes up the other 58% of funding from school finance.

The statement of activities provides the cost of program services and the related charges for services and grants offsetting those costs. The Net Cost of Governmental Activities schedule reflects each program's net cost (total cost less fees generated by the programs and intergovernmental aid provided for specific programs).

Huerfano School District RE-1
Net Cost of Governmental Activities
Comparison from FY 2019-20 to 2018-19

	FY 2019-20 Total Cost of Service	FY 2019-20 Service Fees Grants and Contributions	FY 2019-20 Net Cost Of Services	FY 2018-19 Total Cost of Service	FY 2018-19 Service Fees Grants and Contributions	FY 2018-19 Net Cost Of Services	Net Change
Governmental Activities							
Instruction	\$ 4,537,449	\$ 1,147,687	\$ 3,389,762	\$ 4,127,249	\$ 767,339	\$ 3,359,910	\$ 29,852
Student Support	\$ 300,576	\$ -	\$ 300,576	\$ 166,957	\$ 8,695	\$ 158,262	\$ 142,314
Instructional Staff	\$ 62,936	\$ 13,363	\$ 49,573	\$ 76,109	\$ 35,932	\$ 40,177	\$ 9,396
General Administration	\$ 211,894	\$ -	\$ 211,894	\$ 211,063	\$ 3,245	\$ 207,818	\$ 4,076
School Administration	\$ 528,922	\$ 5,300	\$ 523,622	\$ 526,226	\$ 14,203	\$ 512,023	\$ 11,599
Business Support	\$ 230,248	\$ -	\$ 230,248	\$ 215,789	\$ 4,409	\$ 211,380	\$ 18,868
Operation & Maintenance	\$ 650,506	\$ 41,600	\$ 608,906	\$ 698,454	\$ 32,813	\$ 665,641	\$ (56,735)
Student Transportation	\$ 298,714	\$ 64,075	\$ 234,639	\$ 311,677	\$ 102,908	\$ 208,769	\$ 25,870
Central Support	\$ 465,621	\$ 20,520	\$ 445,101	\$ 394,432	\$ 142,590	\$ 251,842	\$ 193,259
Other Support	\$ 87,571	\$ 791	\$ 86,780	\$ 12,239	\$ 10,000	\$ 2,239	\$ 84,541
Food Service Program	\$ 398,863	\$ 311,160	\$ 87,703	\$ 399,344	\$ 329,732	\$ 69,612	\$ 18,091
Community Service	\$ 420	\$ 420	\$ -	\$ 1,922	\$ 1,922	\$ -	\$ -
Capital Outlay	\$ 48,944	\$ 109,330	\$ (60,386)	\$ 84,975	\$ 279,680	\$ (194,705)	\$ 134,319
Interest on Long Term Debt	\$ 36,978	\$ -	\$ 36,978	\$ 63,306	\$ -	\$ 63,306	\$ (26,328)
Pension Amortization	\$ (1,167,607)	\$ -	\$ (1,167,607)	\$ (400,411)	\$ -	\$ (400,411)	\$ (767,196)
OPEB Expense	\$ 658	\$ -	\$ 658	\$ 22,059	\$ -	\$ 22,059	\$ (21,401)
						\$ -	
Total Primary Government	\$ 6,692,693	\$ 1,714,246	\$ 4,978,447	\$ 6,911,390	\$ 1,733,468	\$ 5,177,922	\$ (199,475)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

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

General Fund (Includes Fund 10/General Fund, Fund 19/CPP)

The General Fund is the major operating fund of the District, providing the majority of the resources for education and support programs. For fiscal year 2019-20 the beginning Fund Balance in the General Fund was \$2,280,125. Revenues in the General Fund totaled \$6,644,581 while expenditures totaled \$6,456,126 and transfers to other funds totaled \$336,186. The ending fund balance in the General Fund decreased by \$147,731 from current operations resulting in an ending fund balance of \$2,190,081 as of June 30, 2020 including \$204,000 reserved for TABOR in accordance with Colorado statute regarding emergency reserves.

The General Fund is solvent and remains in sound financial condition. The District continues to make budget adjustments as needed to ensure that expenditures do not exceed revenues in order to maintain an appropriate fund balance.

Government Designated Grants Fund/Special Revenue (Fund 22)

The Government Designated Grants Fund is used to record financial transactions for grants received for designated purposes funded by federal, state, or local governments. Special revenue funds are legally restricted to expenditures for specific purposes. Revenue in the Government Designated Grants Fund, which includes the Federal Consolidated Grants, totaled \$391,823. The District reported \$791 from local/intermediate sources and \$391,032 from federal sources including the following grants over \$50,000:

Title I, Part A
21st Century

Bond Redemption (Fund 31)

Revenues from a tax levy for the purpose of satisfying bonded indebtedness obligations, both principal and interest, are recorded in the Bond Redemption Fund, but are administered by a third-party custodian. The District's approved third-party custodian for the Bond Redemption Fund is UMB Bank. The 2019 bond mill levy was 4.624. Revenue, including property tax and specific ownership tax, in the Bond Redemption Fund totaled \$436,036. Bond principal and interest payments in the amount of \$413,625 were made in FY 2019-20. The Ending Fund Balance in the Bond Redemption Fund was \$756,338 at June 30, 2020 compared to \$733,927 the prior year.

Capital Projects Capital Reserve Fund (Fund 43)

The District uses a Capital Projects Fund to account for major projects that may take several years to complete and gifts and grants designated for the specific project are expected to be a major source of funding for that project.

The FY 2019-20 beginning Fund Balance in the Capital Projects Fund (43) was \$582,975. Revenues totaled \$52,110 and \$51,000 from transfers from the General Fund. Expenditures totaled \$147,078 of which was primarily capital outlay. The Fund Balance as of June 30, 2020 was \$539,007.

Student Activity (Fund 23)

The Student Activity Fund is used to record financial transactions related to school-sponsored pupil intra-scholastic and inter-scholastic athletics and other related activities. These activities are supported in whole or in part by revenue from pupils, gate receipts, and other fund-raising activities. The beginning Fund Balance in the Student Activity Fund was \$32,124. Revenues in the Student Activity Fund totaled \$327,700 including \$235,186 of transfers from the General Fund. Expenditures totaled \$208,838. The Fund Balance in the Student Activity Fund as of June 30, 2020 was \$150,986.

Food Service (Fund 21)

The Food Service Fund is used to record financial transactions related to the hot lunch and breakfast programs. The beginning Fund Balance in the Food Service Fund was \$73,620. Revenues in the Food Service Fund totaled \$361,160 including federal meal revenue of \$283,935, state revenue of \$7,368, local revenue from meal sales totaling \$19,857 and transfers from General Fund of \$50,000. Expenditures totaled \$390,925 leaving an ending Fund Balance in the Food Service Fund as of June 30, 2020 of \$43,855.

BUDGET ANALYSIS

The Board of Education approved a budget in June 2019 based on enrollment projections for the 2019-20 school year. Statute permits a district to amend its budget through January 31st each year, which the Board of Education approved at its meeting in January 2020. Budget comparisons appear on pages 44 through 46 and 51 through 56. Following is a discussion of significant variances of actual results compared to final budgets.

General Fund revenues were over budget by \$370,764 or 6%. Expenditures were under budget by \$1,761,629 or 21% with variance spread to all functions.

Operating revenues from food sales were \$8,637 over budget. Expenditures were under budget by \$35,218. There was a General Fund transfer of \$50,000. The District budgeted for use of fund balance in the amount of \$73,620 decreasing the fund balance by \$29,765.

Grant revenues equal expenditures and both were less than budget by \$76,797 primarily due to timing in receiving funds on a reimbursement basis.

Revenues in the Pupil Activities Special Revenue Fund were over budget by \$5,711 while expenditures were under budget by \$145,275. The subsidy from General Fund was \$235,186 equal to the amount budgeted. Overall, the fund balance increased by \$118,862.

Revenues in the Bond Redemption Debt Service Fund were \$26,686 over budget. Spending was \$729,652 under budget primarily due to not spending appropriated reserves which will be used for future bond payments. Ending fund balance increased \$22,411.

In the Capital Projects Capital Reserve Fund, revenues including proceeds from a capital lease were over budget by \$48,110. Expenditures were \$490,897 below budget due in part to appropriated reserves that were not spent.

CAPITAL ASSET AND LONG-TERM DEBT

Capital assets: The Huerfano School District RE-1 owns land with a carrying value of \$247,347 and building and improvements capitalized at \$18,745,966 at June 30, 2020. Equipment and vehicles totaled \$1,876,071. In addition, the Districts Food Service Fund has equipment with a carrying value of \$313,123. The net carrying value of capital assets after subtracting accumulated depreciation is \$10,843,382 from governmental activities.

Long-term debt: District voters approved a general obligations bond of \$5,755,000 in 2002. General Obligation Bonds, Series 2002, were issued on December 15, 2002, for the original amount of \$5,755,000. In August 2011, Huerfano School District RE-1 issued \$4,140,000 in general obligation bonds with an average interest rate of 3.26% to advance refund \$4,030,000 of outstanding 2002 bonds with interest rates ranging from 3.875% to 4.8%. The refunding proceeds totaling \$4,284,565 were deposited with an escrow agent to provide debt service payments on the 2002 Series Bonds as they come due. As a result, a portion of the 2002 bonds, \$4,030,000 of principal and \$1,205,859 of interest, are considered to be decreased and the liability is not reported in these financial statements. The June 30, 2020 balance for the 2011 general obligation bonds was \$1,155,000 after a principal payment of \$365,000. Long-term debt was increased with the purchase of computers & accessories in the amount \$69,675. The June 30, 2020 balance for the computers & accessories is \$23,203 after a principal payment of \$21,993.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- There continues to be a pattern of decline in the funded pupil count. Huerfano's enrollment has been steadily declining with a few increases in the past few years. In Districts with declining enrollment such as Huerfano RE-1, the state averages the previous 5 years to determine an average funded count. The District's average "Funded Pupil Count" for 2019-20 was 529.1 compared to 517.0 for 2018-19, 525.9 for 2017-18, 528.6 for 2016-17, 511.4 for 2015-16.
- In FY 2009-10 nearly 3% of funding from the School Finance Act was rescinded by the State in January 2010. Funding for FY 2010-11 was frozen at the prior year level regardless of any increase in the number of students or other changes in economic factors in the School Finance Act formula. When the State revenue was not adequate to fund the full amount for School Finance, it was backfilled with one time monies from Federal Jobs Education grants and additional ARRA funding. These funds were not available in FY 2011-12 resulting in additional cuts in funding. The base per pupil was held at the same level as FY 2011-12 for 2012-13. Per pupil funding for 2013-14 increased 2.8% with the negative factor going from 16.1% down to 15.4%. For 2014-15 per pupil funding increased by 5.8% and the negative factor decreased from 15.4% to 13%. For 2015-16 per pupil funding increased 2.9% with the negative factor decreasing from 13% to 12.1%. For 2016-17 per pupil funding increased 1.2% with no change to the negative factor. For 2017-18

per pupil funding increased by 3.8% and the negative factor decreased from 12.1% to 10.4%. For 2018-19 per pupil funding decreased 2% and the negative factor decreased from 10.4% to 8.7%. For 2019-20 per pupil funding increased 4% and the negative factor decreased from 8.7% to 44%.

- Deficit spending had been a chronic problem, but the District has addressed the issue and had a small annual operating surplus for five years. For 2016-17 revenue increased due to the approval of a mill levy override by the voters. This has allowed the District to increase reserves for the past three years. Districts should keep at least three to four months operating costs in reserves for unexpected economic changes in addition to required TABOR reserves. The District needs to continue to monitor its reserves and not rely on them to balance the budget.

CONTACTING THE FINANCIAL MANAGEMENT TEAM OF HUERFANO SCHOOL DISTRICT RE-1

This financial report is designed to provide the District's taxpayers, citizens, investor, and creditors with a general overview of the District's financial status and to demonstrate the District's accountability for the money it receives.

If there are questions regarding this report or additional information is needed, contact Superintendent Michael Moore or Business Manager Erica Mason at Huerfano School District RE-1, 201 East Fifth Street, Walsenburg, CO 81089.

BASIC FINANCIAL STATEMENTS

HUERFANO SCHOOL DISTRICT NUMBER RE-1
STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities	Total
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash	2,153,880	2,153,880
Investments	2,426,240	2,426,240
Property Taxes Receivable	263,597	263,597
Accounts Receivable	51,406	51,406
Accrued Revenue	49,507	49,507
Prepaid Expenses	34,322	34,322
Inventories	10,567	10,567
<u>Total Current Assets</u>	<u>4,989,519</u>	<u>4,989,519</u>
<u>Capital Assets:</u>		
Land	247,347	247,347
Construction in Progress	-	-
Depreciable Assets	20,935,160	20,935,160
Accumulated Depreciation	(10,339,125)	(10,339,125)
<u>Capital Assets Net of Depreciation</u>	<u>10,843,382</u>	<u>10,843,382</u>
<u>TOTAL ASSETS</u>	<u>15,832,901</u>	<u>15,832,901</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Bond Refunding	21,147	21,147
Pension	2,292,900	2,292,900
Other Post Employment Benefits	76,041	76,041
<u>Total Deferred Outflows of Resources</u>	<u>2,390,088</u>	<u>2,390,088</u>
<u>LIABILITIES</u>		
<u>Current Liabilities:</u>		
Accounts Payable	25,223	25,223
Accrued Salaries Payable	546,256	546,256
Accrued Interest	4,601	4,601
Unearned Grant Payments	590,095	590,095
Capital Lease – Current	23,203	23,203
General Obligation Bonds – Current	375,000	375,000
Bond Premium - Current	9,721	9,721
<u>Total Current Liabilities</u>	<u>1,574,099</u>	<u>1,574,099</u>
<u>Noncurrent Liabilities:</u>		
Capital Lease	-	-
General Obligation Bonds	780,000	780,000
Bond Premium	8,237	8,237
Compensated Absences	112,102	112,102
Net Pension Liability	9,399,545	9,399,545
Net Other Post Employment Benefits Liability	462,180	462,180
<u>Total Noncurrent Liabilities</u>	<u>10,762,064</u>	<u>10,762,064</u>
<u>TOTAL LIABILITIES</u>	<u>12,336,163</u>	<u>12,336,163</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension	7,075,948	7,075,948
Other Post Employment Benefits	97,948	97,948
<u>Total Deferred Inflows of Resources</u>	<u>7,173,896</u>	<u>7,173,896</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	9,665,179	9,665,179
Restricted for:		
TABOR (Emergencies)	204,000	204,000
Preschool	4,637	4,637
Debt Service	756,338	756,338
Food Service	33,288	33,288
Unrestricted	(11,950,512)	(11,950,512)
<u>TOTAL NET POSITION</u>	<u>(1,287,070)</u>	<u>(1,287,070)</u>

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

Net (Expenses) Revenue and Changes

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	<u>General Fund</u>	<u>Capital Reserve Capital Projects Fund</u>	<u>Bond Redemption Debt Service Fund</u>	<u>Grants Special Revenue Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>						
Cash	681,616	157,444	739,544	420,541	154,735	2,153,880
Investments	2,044,677	381,563	-	-	-	2,426,240
Property Taxes Receivable	225,604	-	37,993	-	-	263,597
Due From Other Funds	8,951	-	-	26,567	-	35,518
Accrued Revenue	12,784	-	-	36,723	-	49,507
Accounts Receivable	21,867	-	-	-	29,539	51,406
Prepaid Expenditures	34,322	-	-	-	-	34,322
Inventories	-	-	-	-	10,567	10,567
<u>Total Assets</u>	<u>3,029,821</u>	<u>539,007</u>	<u>777,537</u>	<u>483,831</u>	<u>194,841</u>	<u>5,025,037</u>
<u>LIABILITIES:</u>						
Accounts Payable	25,223	-	-	-	-	25,223
Due To Other Funds	26,567	-	-	8,951	-	35,518
Unearned Grant Payments	164,298	-	-	425,797	-	590,095
Accrued Salaries Payable	497,173	-	-	49,083	-	546,256
<u>Total Liabilities</u>	<u>713,261</u>	<u>-</u>	<u>-</u>	<u>483,831</u>	<u>-</u>	<u>1,197,092</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Property Tax	126,479	-	21,199	-	-	147,678
<u>FUND BALANCES:</u>						
Nonspendable:						
Inventories	-	-	-	-	10,567	10,567
Prepaid Expenditures	34,322	-	-	-	-	34,322
Restricted for:						
TABOR (Emergencies)	204,000	-	-	-	-	204,000
Preschool	4,637	-	-	-	-	4,637
Debt Service	-	-	756,338	-	-	756,338
Food Service	-	-	-	-	33,288	33,288
Committed for:						
Capital Outlay	-	539,007	-	-	-	539,007
Assigned for:						
Pupil Activities	-	-	-	-	150,986	150,986
Unassigned	1,947,122	-	-	-	-	1,947,122
<u>Total Fund Balances</u>	<u>2,190,081</u>	<u>539,007</u>	<u>756,338</u>	<u>-</u>	<u>194,841</u>	<u>3,680,267</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>						
	<u>3,029,821</u>	<u>539,007</u>	<u>777,537</u>	<u>483,831</u>	<u>194,841</u>	<u>5,025,037</u>

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

**HUERFANO SCHOOL DISTRICT NUMBER RE-1
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
June 30, 2020**

<u>GOVERNMENTAL FUNDS TOTAL FUND BALANCE</u>		3,680,267
Deferred Property Tax Revenue – Revenues that do not provide current financial resources are deferred on the governmental fund financial statements but recognized on the government-wide financial statements.		147,678
Capital Assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds.		21,182,507
Accumulated Depreciation is not recognized in the governmental funds because capital assets are expensed at the time of acquisition.		(10,339,125)
Accrued interest payable is not considered current financial resources and, therefore, not reported in the governmental funds.		(4,601)
Long-term liabilities, including general obligation bonds are not due and payable in the current period and therefore are not reported in funds.		
Capital Lease	(23,203)	
General Obligation Bonds	(1,155,000)	
Unamortized Bond Premium	(17,958)	
Loss on Bond Refunding	<u>21,147</u>	(1,175,014)
Compensated absences are not reported as a liability in the funds.		(112,102)
Net pension and other post employment benefits liabilities, along with associated deferred flow, are not recorded at the fund level:		
Net Pension Liability		(9,399,545)
Net Other Post Employment Benefits Liability		(462,180)
Deferred Outflows		2,368,941
Deferred Inflows		<u>(7,173,896)</u>
<u>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</u>		<u>(1,287,070)</u>

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	<u>General Fund</u>	<u>Capital Reserve Capital Projects Fund</u>	<u>Bond Redemption Debt Service</u>	<u>Grants Special Revenue Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:						
Taxes	2,965,864	-	429,949	-	-	3,395,813
Intergovernmental	3,551,200	-	-	391,032	291,303	4,233,535
Interest	25,976	7,162	6,087	-	-	39,225
Other	<u>101,541</u>	<u>44,948</u>	<u>-</u>	<u>791</u>	<u>112,371</u>	<u>259,651</u>
Total Revenues	<u>6,644,581</u>	<u>52,110</u>	<u>436,036</u>	<u>391,823</u>	<u>403,674</u>	<u>7,928,224</u>
EXPENDITURES						
Current:						
Instruction	3,477,690	-	-	352,922	208,838	4,039,450
Student Support	300,576	-	-	-	-	300,576
Instructional Staff	49,573	-	-	13,363	-	62,936
General Administration	207,611	-	-	-	-	207,611
School Administration	523,622	-	-	5,300	-	528,922
Business Services	230,248	-	-	-	-	230,248
Operations & Maintenance	650,506	-	-	-	-	650,506
Student Transportation	288,137	-	-	-	-	288,137
Central Support	446,594	-	-	19,027	-	465,621
Other Support	263,921	-	-	791	-	264,712
Food Services	-	-	-	-	390,925	390,925
Community Services	-	-	-	420	-	420
Capital Outlay/Facilities	17,648	147,078	-	-	-	164,726
Debt Service	-	-	413,625	-	-	413,625
Total Expenditures	<u>6,456,126</u>	<u>147,078</u>	<u>413,625</u>	<u>391,823</u>	<u>599,763</u>	<u>8,008,415</u>
Excess of Revenues Over (Under) Expenditures	<u>188,455</u>	<u>(94,968)</u>	<u>22,411</u>	<u>-</u>	<u>(196,089)</u>	<u>(80,191)</u>
Other Financing Sources (Uses)						
Operating Transfers In (Out)	<u>(336,186)</u>	<u>51,000</u>	<u>-</u>	<u>-</u>	<u>285,186</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(336,186)</u>	<u>51,000</u>	<u>-</u>	<u>-</u>	<u>285,186</u>	<u>-</u>
Net Changes in Fund Balances	<u>(147,731)</u>	<u>(43,968)</u>	<u>22,411</u>	<u>-</u>	<u>89,097</u>	<u>(80,191)</u>
FUND BALANCES, Beginning	2,280,125	582,975	733,927	-	105,744	3,702,771
PRIOR YEAR ADJUSTMENT	<u>57,687</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,687</u>
FUND BALANCES, Ending	<u>2,190,081</u>	<u>539,007</u>	<u>756,338</u>	<u>-</u>	<u>194,841</u>	<u>3,680,267</u>

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

GOVERNMENTAL FUNDS CHANGES IN FUND BALANCES (80,191)

Deferred Property Tax Revenue – Revenues that do not provide current financial resources are deferred on the governmental fund financial statements but recognized on the government-wide financial statements. 147,678

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay reported as an expenditure in the governmental funds functions. 282,896

Compensated absences do not use current financial resources and are not reported on the governmental fund financial statements but are recognized on the government-wide financial statements. (10,967)

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. (518,781)

Deferred Property Taxes of the prior year – Property taxes earned but deferred in the prior year and received in the current year are recognized in the prior year net position on the statement of activities (136,578)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued; whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Capital Lease Proceeds	-	
Repayment of Debt Principal	386,993	
Interest Expense	<u>(319)</u>	386,674

The increase in net pension and other post employment benefits liabilities, along with the changes and amortizations of deferred flows associated with those liabilities, are not recorded at the fund level:

Pension Cost	1,167,607	
Other Post Employment Benefits Cost	<u>(658)</u>	<u>1,166,949</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES 1,237,680

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

NOTES TO BASIC FINANCIAL STATEMENTS

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Huerfano School District Number RE-1 of Huerfano County was organized by a vote of qualified electorate on April 14, 1959, under the provisions of the Colorado School Organization Act of 1957. The District operates under an elected Board of Education with seven members and provides educational services to approximately 529 students.

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Huerfano School District Number RE-1. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A. Reporting Entity

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

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

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

B. Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds (General Fund, Capital Reserve-Capital Projects Fund, Grants Special Revenue Fund, and Bond Redemption Debt Service) and individual enterprise funds are reported as separate columns in the fund financial statements.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unassigned fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

All governmental fund types use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end.

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

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

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

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

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

D. Fund Accounting

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

- **Major Governmental Funds**

1. **General Fund** – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
2. **Capital Reserve-Capital Projects Fund** – is used to account for the acquisition of sites, buildings, equipment and vehicles.
3. **Bond Redemption Fund** – is used to account for the debt service payments of the District.
4. **Grants Special Revenue Fund** – is used to account for receipts that are legally restricted to expenditures for specified purposes.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments

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

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

F. Receivables

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

G. Inventories

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

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

H. Capital Assets

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets (Continued)

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

The monetary threshold for capitalization of assets is \$5,000 for governmental funds and \$500 for proprietary funds. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-35 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition and any remaining depreciation is recorded in the year of disposition.

I. Long-Term Obligations

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

J. Constitutional Amendment

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

On November 5, 1996 the registered voters approved a ballot resolution authorizing Huerfano School District Number RE-1 to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased or any new tax be imposed.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

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

J. Constitutional Amendment (Continued)

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2020 the District reserved \$204,000 for this purpose.

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

K. Property Taxes

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

Levy Date	December 22, 2019
Lien Date	January 1, 2020
Tax Bills Mailed	January 1, 2020
First Installment Due	February 28, 2020
Second Installment Due	June 15, 2020
If Paid in Full, Due	April 30, 2020

L. Accumulated Leave

The Board shall provide sick leave for all regular full-time and part-time employees of the District in direct relation to the full time equivalency of the employee (e.g. a full-time employee shall receive 100% of the sick leave provided for full-time employees whereas a "3/4 time" employee shall receive 75% of sick leave benefits provided for full-time employees). Those part-time employees who work the same number of days as full time employees, but only work as a reduced day, such as a four hour day; shall receive the same number of days of paid sick leave as the full time employees; however the pay for such days shall equal the per diem then being received by the part-time employee. Substitute employees such as substitute teachers and temporary staff are not eligible for any sick leave benefits.

Compensated absences are reported as non-current liabilities in the government-wide financial statements. As of June 30, 2020, the District has recorded an estimated liability of \$112,102 relating to accrued sick leave payable and accrued vacation.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

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

L. Accumulated Leave (Continued)

A summary of changes in compensated absences is as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Accumulated Leave	<u>101,135</u>	<u>10,967</u>	<u> -</u>	<u>112,102</u>

M. Use of Estimates

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

N. Interest Expense

All interest expense has been reported as unallocated in the Government-wide financial statements.

O. GASB Statement No. 54

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

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

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

O. GASB Statement No. 54 (Continued)

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

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

Assigned Fund Balance Policy:

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

Order of Fund Balance Spending Policy

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

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

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Capital Projects Capital Reserve Fund</u>	<u>Special Revenue Fund Grants Fund</u>	<u>Bond Redemption Debt Service Fund</u>	<u>Special Revenue Student Activities Fund</u>	<u>Special Revenue Food Services Fund</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>							
Inventories	-	-	-	-	-	10,567	10,567
Prepaid							
Expenditures	34,322	-	-	-	-	-	34,322
<u>Restricted:</u>							
Emergencies	204,000	-	-	-	-	-	204,000
Preschool	4,637	-	-	-	-	-	4,637
Debt Service	-	-	-	756,338	-	-	756,338
Food Service	-	-	-	-	-	33,288	33,288
<u>Committed:</u>							
Capital Outlay	-	539,007	-	-	-	-	539,007
<u>Assigned:</u>							
Pupil Activities	-	-	-	-	150,986	-	150,986
<u>Unassigned:</u>	<u>1,947,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,947,122</u>
<u>Total Fund</u>							
<u>Balances</u>	<u>2,190,081</u>	<u>539,007</u>	<u>-</u>	<u>756,338</u>	<u>150,986</u>	<u>43,855</u>	<u>3,680,267</u>

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

P. Deferred Outflows / Inflows of Resources

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

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

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

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

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

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

	<u>Items Eliminated</u>		
	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Transfers In (Out)</u>
General Fund	8,951	26,567	(336,186)
Grants - Special Revenue Fund	26,567	8,951	-
Bond Redemption – Debt Service Fund	-	-	-
Student Activity – Special Revenue Fund	-	-	235,186
Capital Reserve– Capital Projects Fund	-	-	51,000
Food Service – Special Revenue Fund	-	-	50,000
<u>Totals</u>	<u>35,518</u>	<u>35,518</u>	<u>-</u>

NOTE 3 **BUDGETARY INFORMATION**

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

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

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 **BUDGETARY INFORMATION (Continued)**

6. Budgets for the General, Special Revenue, Debt Service and Capital Projects are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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

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

NOTE 4 **CASH AND INVESTMENTS**

Deposits

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

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

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC	250,000	250,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	1,093,857	1,311,838
Cash on Hand	1,131	-
Cash Equivalents	692,418	692,418
Cash with County Treasurer	<u>116,474</u>	<u>-</u>
<u>Total Cash and Deposits</u>	<u>2,153,880</u>	<u>2,254,256</u>

As presented above, deposits with a bank balance of \$1,311,838 and a carrying balance of \$1,093,857 as of June 30, 2020 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

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

Investments

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

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Credit Risk Rating</u>
COLO TRUST Plus	Under 60 Day Average	<u>2,426,240</u>	AAAm

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

Credit Risk – State Law limits the type of investments allowable. The ratings by Standard & Poor for each investment are disclosed above.

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

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

The District has no recurring fair value measurements as of June 30, 2020:

- **COLOTRUST** – Investments in this external investment pool are reported at \$1 net asset value per share and are not subject to fair value measurement. The investment is reported at cost.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 **CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
<u>Non-Depreciable Assets:</u>				
Land	247,347	-	-	247,347
Construction in Progress	279,118	-	279,118	-
<u>Total Non-Depreciable Assets</u>	<u>526,465</u>	<u>-</u>	<u>279,118</u>	<u>247,347</u>
<u>Depreciable Assets:</u>				
Buildings & Improvements	18,745,966	-	-	18,745,966
Equipment & Vehicles	1,354,057	562,014	40,000	1,876,071
Food Service	313,123	-	-	313,123
<u>Total Depreciable Assets</u>	<u>20,413,146</u>	<u>562,014</u>	<u>40,000</u>	<u>20,935,160</u>
<u>Less Accumulated</u>				
<u>Depreciation for:</u>				
Building & Improvements	8,232,017	449,263	-	8,681,280
Equipment & Vehicles	1,336,358	61,580	40,000	1,357,938
Food Services	291,969	7,938	-	299,907
<u>Total Accumulated</u>				
<u>Depreciation</u>	<u>9,860,344</u>	<u>518,781</u>	<u>40,000</u>	<u>10,339,125</u>
<u>Governmental Activities</u>				
<u>Capital Assets, Net</u>	<u>11,079,267</u>	<u>43,233</u>	<u>279,118</u>	<u>10,843,382</u>

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

<u>Governmental Activities:</u>	
Instruction	495,983
General Administration	4,283
Operation & Maintenance	-
Transportation	10,577
Food Service	7,938
<u>Total Depreciation Governmental Activities</u>	<u>518,781</u>

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 **INTERFUND**

RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>	<u>Repayment Period</u>
General	8,951	26,567	Current Operations	Within 1 Year
Special Revenue:				
Food Services	-	-	Current Operations	Within 1 Year
Student Activity	-	-	Current Operations	Within 1 Year
Grants	<u>26,567</u>	<u>8,951</u>	Current Operations	Within 1 Year
	<u>35,518</u>	<u>35,518</u>		

TRANSFERS

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Purpose</u>
General	-	336,186	Current Operations
Special Revenue:			
Student Activity	235,186	-	Current Operations
Food Service	50,000	-	Current Operations
Capital Projects:			
Capital Reserve	<u>51,000</u>	<u>-</u>	Current Operations
	<u>336,186</u>	<u>336,186</u>	

NOTE 7 **GENERAL OBLIGATION BONDS PAYABLE**

General Obligation Refunding Series 2011

On August 23, 2011 the District issued \$4,140,000 in General Obligation Refunding Bonds with an average interest rate of 3.26% to advance refund \$4,030,000 outstanding 2002 General Obligation Bonds bearing interest rates ranging from 3.875% to 4.800%. Refunding proceeds of \$4,284,565 were deposited with an escrow agent to provide debt service payments of \$4,030,000 in principal and \$1,205,862 in interest on the 2002 Series Bonds. As a result, that portion of 2002 Bonds is considered to be defeased and the liability for the issue has been removed from the financial statements. The defeased debt balance at June 30, 2020 was \$1,200,000.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 **GENERAL OBLIGATION BONDS PAYABLE (Continued)**

General Obligation Refunding Series 2011 (Continued)

Payments to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	375,000	36,825	411,825
2022	390,000	23,400	413,400
2023	<u>390,000</u>	<u>7,800</u>	<u>397,800</u>
Total	<u>1,155,000</u>	<u>68,025</u>	<u>1,223,025</u>

The following is a summary of the changes in General Obligation Bonds:

<u>General</u> <u>Obligation Bonds:</u>	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due Within</u> <u>One Year</u>
Series 2011	<u>1,520,000</u>	<u>-</u>	<u>365,000</u>	<u>1,155,000</u>	<u>375,000</u>

NOTE 8 **CAPITAL LEASES PAYABLE**

A summary of changes in Capital Leases Payable are as follows:

<u>General</u> <u>Governmental:</u>	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due Within</u> <u>One Year</u>
Technology Equipment	<u>45,196</u>	<u>-</u>	<u>21,993</u>	<u>23,203</u>	<u>23,203</u>

During fiscal year 2019, the District entered into a capital lease to purchase technology equipment. Notwithstanding the fact that the District may elect not to renew the agreement in any year, it is the present intention of the District that the agreement will be renewed annually until full rights to the building are acquired. The annual interest rate is 5.5% with annual payments of \$24,479. The balance due as of June 30, 2020 was \$23,203. Annual debt service requirements to maturity for the capital lease are as follows:

	<u>Fiscal</u> <u>Year</u>	<u>Annual</u> <u>Payment</u>	<u>Principal</u>	<u>Interest</u>
	2021	<u>24,479</u>	<u>23,203</u>	<u>1,276</u>
Total Minimum Payments		<u>24,479</u>	<u>23,203</u>	<u>1,276</u>
Less Amount Representing Interest		<u>(1,276)</u>		
Net Present Value of Future Minimum Payments		<u>23,203</u>		

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 9

PENSION PLAN

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. Huerfano School District Number RE-1 participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

General Information about the Pension Plan

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

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

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

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 **PENSION PLAN (Continued)**

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

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

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

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

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

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

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

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

**HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020**

NOTE 9

PENSION PLAN (Continued)

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

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Huerfano School District Number RE-1 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Huerfano School District Number RE-1 were \$743,663 for the year ended June 30, 2020.

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

The net pension liability for the SCHDTF was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. The Huerfano School District Number RE-1 proportion of the net pension liability was based on Huerfano School District Number RE-1 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.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 **PENSION PLAN (Continued)**

At June 30, 2020, the Huerfano School District Number RE-1 reported a liability of \$9,399,545 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 Huerfano School District Number RE-1 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 Huerfano School District Number RE-1 were as follows:

Huerfano School District Number RE-1 proportionate share of the net pension liability	\$ 9,399,545
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Huerfano School District Number RE-1	\$ 1,192,213
Total	\$ 10,591,758

At December 31, 2019, the Huerfano School District Number RE-1 proportion was 0.063 percent, which was a decrease of 0.001 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the Huerfano School District Number RE-1 recognized pension income of \$1,167,607 and revenue of \$90,299 for support from the State as a nonemployer contributing entity. At June 30, 2020, the Huerfano School District Number RE-1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	512,281	-
Changes of assumptions or other inputs	268,343	(4,263,545)
Net difference between projected and actual earnings on pension plan investments	1,002,753	(2,116,223)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	124,542	(696,180)
Contributions subsequent to the measurement date	384,981	N/A
Total	2,292,900	(7,075,948)

\$384,981 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2020	
2021	(2,748,768)
2022	(2,026,168)
2023	(14,290)
2024	(378,803)
2025	-
Thereafter	-

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 9

PENSION PLAN (Continued)

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

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

*For 2019, the annual increase was 0.00 percent.

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

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

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

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

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

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 **PENSION PLAN (Continued)**

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

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

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

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

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

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 **PENSION PLAN (Continued)**

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

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

Sensitivity of the Huerfano School District Number RE-1 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:

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 **PENSION PLAN (Continued)**

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	12,465,809	9,399,545	6,825,149

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

Defined Contribution Pension Plan

Voluntary Investment Program

Plan Description – Employees of the Huerfano School District Number RE-1 that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available CAFR which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2020, program members contributed \$12,202.

NOTE 10 **OTHER POST EMPLOYMENT BENEFITS**

Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. Huerfano School District Number RE-1 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.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 10 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

General Information about the OPEB Plan

Plan description. Eligible employees of the Huerfano School District Number RE-1 are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

PERA Benefit Structure

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 10

OTHER POST EMPLOYMENT BENEFITS (Continued)

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

DPS Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Huerfano School District Number RE-1 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Huerfano School District Number RE-1 were \$39,138 for the year ended June 30, 2020.

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

At June 30, 2020, the Huerfano School District Number RE-1 reported a liability of \$462,180 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 Huerfano School District Number RE-1 proportion of the net OPEB liability was based on Huerfano School District Number RE-1 contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 10

OTHER POST EMPLOYMENT BENEFITS (Continued)

At December 31, 2019, the Huerfano School District Number RE-1 proportion was 0.0411 percent, which was an increase of 0.0005 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the Huerfano School District Number RE-1 recognized OPEB expense of \$658. At June 30, 2020, the Huerfano School District Number RE-1 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	1,534	(77,663)
Changes of assumptions or other inputs	3,834	-
Net difference between projected and actual earnings on OPEB plan investments	7,441	(15,156)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	42,972	(5,129)
Contributions subsequent to the measurement date	20,260	N/A
Total	76,041	(97,948)

\$20,260 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30, 2020	
2021	(5,223)
2022	(5,214)
2023	(2,990)
2024	(11,924)
2025	(15,848)
Thereafter	(968)

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

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 10 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

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

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

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

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

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

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

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

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 10 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

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

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

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

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

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 10 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

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

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

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

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

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

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 10 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

Sensitivity of the Huerfano School District Number RE-1 proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	451,201	462,180	474,867

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.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 10 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	522,588	462,180	410,519

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 11 **RISK MANAGEMENT**

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

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 12 **COLORADO SCHOOL DISTRICT SELF INSURANCE POOL**

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

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

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

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

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 13 **LITIGATION**

None.

NOTE 14 **SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES**

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

NOTE 15 **JOINT VENTURES**

South-Central Board of Cooperative Educational Services

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

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

Total Assets & Deferred Outflows	<u>4,793,274</u>
Current Liabilities & Deferred Inflows	<u>13,437,640</u>
Net Position	<u>(8,644,366)</u>
Total Liabilities and Net Position	<u>4,793,274</u>
 Total Revenues	 3,408,328
Total Expenses	<u>2,431,441</u>
 Change in Net Position	 <u>976,887</u>

The BOCES has no long term debt.

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 16 **ACCRUED SALARIES AND BENEFITS**

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2020, are estimated to be \$546,256 and will be paid during the 2019-2020 fiscal year. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements.

NOTE 17 **INVENTORIES**

Food Service Fund inventories at June 30, 2020, consisted of purchased food, commodities and non-food amounting to \$7,013, \$2,719 and \$835 respectively. 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.

NOTE 18 **PRIOR YEAR ADJUSTMENT**

During fiscal year 2017, PERA determined that the District underpaid its contribution by \$23,292.53. This liability was recorded on the District's financial records as of June 30, 2017. PERA did not request the return of this underpayment in subsequent years and on September 17, 2019, PERA sent a letter to the District stating that the amount previously requested was in error and the District had not underpaid its contributions. As of June 30, 2020, this liability was removed from the financial records and General Fund Equity was increased by \$23,292.53.

As of June 30, 2019, the District's insurance carrier, Anthem Blue Cross Blue Shield, requested \$68,716.35 from the District for amounts due for past coverage. In December 2019, Anthem Blue Cross Blue Shield automatically withdrew the January 2020 insurance premium in the amount of \$34,321.71 thereby reducing the previous amount requested to \$34,394.64. The District cancelled the insurance policy as of December 31, 2019. As of June 30, 2020, the District has determined that Anthem Blue Cross Blue Shield has closed the District's account and no other payments are due to Anthem Blue Cross Blue Shield. As of June 30, 2020, the District removed the remaining liability of \$34,394.64 and increased the General Fund Equity.

A recap of the prior year adjustments are as follows:

Reduction of the PERA Liability	<u>\$23,292.53</u>
Reduction of the amount due Anthem BCBS	<u>\$34,394.64</u>
Total	<u>\$57,687.17</u>

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISONS

PENSION TREND DATA

OTHER POST EMPLOYMENT BENEFIT TREND DATA

MAJOR GOVERNMENTAL FUNDS

General Fund

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

Grants Special Revenue Fund accounts for revenues that are legally restricted to expenditures for specified purposes.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2020

	<u>Budget Amounts</u> <u>Original & Final</u>	<u>Actual</u>	Variance with Final Budget- Favorable (Unfavorable)
<u>REVENUES</u>			
<u>Local Sources</u>			
Property Taxes	2,549,595	2,577,379	27,784
Specific Ownership Taxes	266,161	366,977	100,816
Earnings on Investments	25,000	25,976	976
Delinquent Taxes & Interest	-	21,508	21,508
Rental Income	37,000	41,600	4,600
Local Grants BOCES	306,338	299,565	(6,773)
Other	25,000	59,941	34,941
<u>Total Local Sources</u>	<u>3,209,094</u>	<u>3,392,946</u>	<u>183,852</u>
<u>Intermediary Sources</u>			
Mineral Leases	1,278	1,278	-
Secure Rural Funding Authority	-	49,109	49,109
<u>Total Intermediary Sources</u>	<u>1,278</u>	<u>50,387</u>	<u>49,109</u>
<u>State Sources</u>			
Equalization	2,486,056	2,486,050	(6)
Vocational Education	-	1,200	1,200
Advance Placement Incentives Pilot	-	1,500	1,500
Kindergarten Facility Capital Construction	-	15,459	15,459
Small Rural School Add'l Funding	135,015	135,014	(1)
State ELPA	-	2,013	2,013
ELPA	-	-	-
Small Attendance Center	90,000	126,904	36,904
Transportation	61,692	64,075	2,383
Read Act	17,530	7,396	(10,134)
Library Grant	-	4,496	4,496
At Risk Supplemental	-	6,230	6,230
School Security	-	62,601	62,601
Direct Distribution Payment	91,983	90,299	(1,684)
Colorado School Counselor Corporation	-	156,982	156,982
State Grants BOCES	181,169	41,029	(140,140)
<u>Total State Sources</u>	<u>3,063,445</u>	<u>3,201,248</u>	<u>137,803</u>
<u>TOTAL REVENUES</u>	<u>6,273,817</u>	<u>6,644,581</u>	<u>370,764</u>

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>EXPENDITURES</u>			
<u>Instruction</u>	<u>3,337,355</u>	<u>3,477,690</u>	<u>(140,335)</u>
<u>Supporting Services:</u>			
Students	290,309	300,576	(10,267)
Instructional Staff	60,526	49,573	10,953
General Administration	199,262	207,611	(8,349)
School Administration	520,381	523,622	(3,241)
Business Services	325,671	230,248	95,423
Operations and Maintenance	735,859	650,506	85,353
Student Transportation	288,159	288,137	22
Central Support	415,060	446,594	(31,534)
Other Support	282,743	263,921	18,821
Facilities	-	17,648	(17,648)
<u>Total Supporting Services</u>	<u>3,117,970</u>	<u>2,978,436</u>	<u>139,533</u>
 <u>Appropriated Reserves</u>	 <u>1,762,431</u>	 <u>-</u>	 <u>1,762,431</u>
 <u>TOTAL EXPENDITURES</u>	 <u>8,217,756</u>	 <u>6,456,126</u>	 <u>1,761,629</u>
 <u>REVENUES OVER (UNDER)</u>			
<u>EXPENDITURES</u>	<u>(1,943,939)</u>	<u>188,455</u>	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)	<u>(336,186)</u>	<u>(336,186)</u>	<u>-</u>
<u>Total Other Financing Sources (Uses)</u>	<u>(336,186)</u>	<u>(336,186)</u>	<u>-</u>
 <u>Revenues and Other Financing Sources</u>			
<u>Over (Under) Expenditures and Other Uses</u>	<u>(2,280,125)</u>	<u>(147,731)</u>	
 <u>FUND BALANCE, Beginning</u>	 <u>2,280,125</u>	 <u>2,280,125</u>	
 <u>PRIOR YEAR ADJUSTMENT</u>	 <u>-</u>	 <u>57,687</u>	
 <u>FUND BALANCE, Ending</u>	 <u>-</u>	 <u>2,190,081</u>	

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (GAAP BASIS)
GRANTS – SPECIAL REVENUE FUND
For the Year Ended June 30, 2020

	<u>Budget Amounts</u> <u>Original & Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>REVENUES:</u>			
Local Sources	4,147	791	(3,356)
Federal Sources	464,473	391,032	(73,441)
<u>Total Revenues</u>	<u>468,620</u>	<u>391,823</u>	<u>(76,797)</u>
<u>EXPENDITURES:</u>			
<u>Instruction</u>	<u>389,174</u>	<u>352,922</u>	<u>36,252</u>
<u>Support Services:</u>			
Student Support	50	-	50
Instructional Staff	35,551	13,363	22,188
School Administration	-	5,300	(5,300)
Central Support Services	39,698	19,027	20,671
Other Support Services	-	791	(791)
<u>Total Support Services Expenditures</u>	<u>75,299</u>	<u>38,481</u>	<u>36,818</u>
<u>Community Services</u>			
Education for Adults	-	420	(420)
<u>Food Services</u>			
Food Services	4,147	-	4,147
<u>Total Expenditures</u>	<u>468,620</u>	<u>391,823</u>	<u>76,797</u>
<u>REVENUES OVER (UNDER)</u>	-	-	
<u>EXPENDITURES</u>			
<u>FUND BALANCE, Beginning</u>	-	-	
<u>FUND BALANCE, Ending</u>	-	-	

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
For The Last 10 Fiscal Years (As Available)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Plan Measurement Date	12-31-19	12-31-18	12-31-17	12-31-16	12-31-15	12-31-14	12-31-13	-	-	-
District's proportion of the net pension liability (asset)	0.0629%	0.0687%	0.0687%	0.0632%	0.0648%	0.0693%	0.0711%	-	-	-
District's proportionate share of the net pension liability (asset)	\$9,399,545	\$11,326,334	\$22,203,031	\$18,809,938	\$9,903,932	\$9,393,782	\$9,064,806	-	-	-
State's proportionate share of the net pension liability associated with the District**	\$1,192,213	\$1,548,719	-	-	-	-	-	-	-	-
District's covered payroll	\$3,837,049	\$3,563,334	\$3,402,518	\$2,936,339	\$2,825,918	\$2,901,147	\$2,746,805	-	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	245%	318%	653%	641%	350%	324%	330%	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	64.52%	57.01%	43.96%	43.13%	59.16%	62.80%	64.06%	-	-	-

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
For The Last 10 Fiscal Years (As Available)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contributions	\$ 743,663	\$ 681,666	\$ 642,463	\$ 537,922	\$ 501,438	\$ 496,814	\$ 448,202	\$ 439,287	-	-
Contributions in relation to the contractually required contributions	<u>\$ (743,663)</u>	<u>\$ (681,666)</u>	<u>\$ (642,463)</u>	<u>\$ (537,922)</u>	<u>\$ (501,438)</u>	<u>\$ (489,859)</u>	<u>\$ (439,669)</u>	<u>\$ (422,197)</u>	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,955</u>	<u>\$ 8,533</u>	<u>\$ 17,090</u>	-	-
District's covered payroll	\$3,837,049	\$3,563,334	\$3,402,518	\$2,936,339	\$2,825,918	\$2,901,147	\$2,746,805	\$2,799,714	-	-
Contributions as a percentage of covered payroll	19.38%	19.13%	18.88%	18.32%	17.74%	16.89%	16.01%	15.08%	-	-

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY
For The Last 10 Fiscal Years (As Available)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
District's proportion of the net OPEB liability (asset)	0.0411%	0.0416%	0.0390%	0.0359%	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$462,180	\$565,681	\$507,023	\$465,585	-	-	-	-	-	-
District's covered payroll	\$3,837,049	\$3,563,334	\$3,402,518	\$2,936,339	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	12.05%	15.88%	14.90%	15.86%	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	24.49%	17.03%	17.53%	16.71%	-	-	-	-	-	-

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
For The Last 10 Fiscal Years (As Available)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contributions	\$ 39,138	\$ 36,346	\$ 34,706	\$ 29,951	-	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>~~\$(39,138)~~</u>	<u>~~\$(36,346)~~</u>	<u>~~\$(34,706)~~</u>	<u>~~\$(29,951)~~</u>	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-	-
District's covered payroll	\$3,837,049	\$3,563,334	\$3,402,518	\$2,936,339	-	-	-	-	-	-
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	-	-	-	-	-	-

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

OTHER SUPPLEMENTARY INFORMATION

INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

Bond Redemption Debt Service Fund

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

Capital Reserve – Capital Projects Fund – This fund accounts for the acquisition of sites, buildings, equipment and vehicles.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Student Activity Fund – This fund accounts for the transactions and district expenditures for co-curricular areas of student organizations and clubs.

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

**HUERFANO SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (GAAP BASIS)
BOND REDEMPTION DEBT SERVICE FUND
For the Year Ended June 30, 2020**

	<u>Budget Amounts</u> <u>Original & Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>REVENUES</u>			
Property Taxes	409,350	429,949	20,599
Interest Earnings	-	6,087	6,087
<u>Total Revenues</u>	<u>409,350</u>	<u>436,036</u>	<u>26,686</u>
<u>EXPENDITURES:</u>			
Debt Service:			
Principal Retirement	365,000	365,000	-
Interest and Fiscal Charges	48,525	48,625	(100)
Appropriated Reserves	729,752	-	729,752
<u>Total Expenditures</u>	<u>1,143,277</u>	<u>413,625</u>	<u>729,652</u>
<u>EXCESS OF REVENUES OVER</u>			
<u>EXPENDITURES</u>	(733,927)	22,411	
<u>FUND BALANCES, Beginning</u>	<u>733,927</u>	<u>733,927</u>	
<u>FUND BALANCES, Ending</u>	<u>-</u>	<u>756,338</u>	

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (GAAP BASIS)
CAPITAL RESERVE – CAPITAL PROJECTS FUND
For the Year Ended June 30, 2020

	<u>Budget Amounts</u> <u>Original & Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>REVENUES:</u>			
Earnings on Investments	-	7,162	7,162
Other Revenues	<u>4,000</u>	<u>44,948</u>	<u>40,948</u>
<u>Total Revenues</u>	<u>4,000</u>	<u>52,110</u>	<u>48,110</u>
<u>EXPENDITURES:</u>			
Facilities and Acquisitions	15,050	15,000	50
Equipment and Vehicles	209,000	132,056	76,944
Maintenance and Other	10,000	22	9,978
Appropriated Reserve	<u>403,925</u>	-	<u>403,925</u>
<u>Total Expenditures</u>	<u>637,975</u>	<u>147,078</u>	<u>490,897</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(633,975)</u>	<u>(94,968)</u>	
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)	<u>51,000</u>	<u>51,000</u>	-
<u>Total Other Financing Sources (Uses)</u>	<u>51,000</u>	<u>51,000</u>	-
<u>REVENUES OVER (UNDER) OTHER</u> <u>FINANCING SOURCES (USES)</u>	<u>(582,975)</u>	<u>(43,968)</u>	
<u>FUND BALANCE, Beginning</u>	<u>582,975</u>	<u>582,975</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>539,007</u>	

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

**HUERFANO SCHOOL DISTRICT NUMBER RE-1
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020**

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>Student</u>	<u>Food</u>	<u>Non-Major</u>
	<u>Activity</u>	<u>Services</u>	<u>Governmental</u>
			<u>Funds</u>
<u>ASSETS</u>			
Cash	150,986	3,749	154,735
Investments	-	-	-
Accounts Receivable	-	-	-
Due From Other Governments	-	29,539	29,539
Due From Other Funds	-	-	-
Inventories	-	10,567	10,567
<u>Total Assets</u>	<u>150,986</u>	<u>43,855</u>	<u>194,841</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities:</u>			
Accounts Payable	-	-	-
Accrued Salaries	-	-	-
Due To Other Funds	-	-	-
Deferred Revenue	-	-	-
<u>Total Liabilities</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances:</u>			
<u>Nonspendable:</u>			
Inventories	-	10,567	10,567
<u>Restricted:</u>			
Food Services	-	33,288	33,288
<u>Committed:</u>			
Capital Outlay	-	-	-
<u>Assigned:</u>			
Pupil Activity	150,986	-	150,986
<u>Unassigned</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Fund Balance</u>	<u>150,986</u>	<u>43,855</u>	<u>194,841</u>
<u>TOTAL LIABILITIES & FUND</u>			
<u>BALANCES</u>	<u>150,986</u>	<u>43,855</u>	<u>194,841</u>

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>Student</u>	<u>Food</u>	<u>Non-Major</u>
	<u>Activity</u>	<u>Services</u>	<u>Governmental</u>
			<u>Funds</u>
<u>REVENUES</u>			
Other Local Sources	92,514	19,857	112,371
State Sources	-	7,368	7,368
Federal Sources	-	<u>283,935</u>	<u>283,935</u>
<u>Total Revenues</u>	<u>92,514</u>	<u>311,160</u>	<u>403,674</u>
<u>EXPENDITURES</u>			
Current:			
Instruction	208,838	-	208,838
Support Services:			
Instructional Staff	-	-	-
Capital Outlay	-	-	-
Food Service	-	<u>390,925</u>	<u>390,925</u>
<u>Total Expenditures</u>	<u>208,838</u>	<u>390,925</u>	<u>599,763</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>			
<u>OVER (UNDER) EXPENDITURES</u>	<u>(116,324)</u>	<u>(79,765)</u>	<u>(196,089)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from Sale of Fixed Assets	-	-	-
Transfer In (Out)	<u>235,186</u>	<u>50,000</u>	<u>285,186</u>
<u>Total Other Financing Sources (Uses)</u>	<u>235,186</u>	<u>50,000</u>	<u>285,186</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>118,862</u>	<u>(29,765)</u>	<u>89,097</u>
<u>FUND BALANCES, Beginning</u>	<u>32,124</u>	<u>73,620</u>	<u>105,744</u>
<u>FUND BALANCES, Ending</u>	<u>150,986</u>	<u>43,855</u>	<u>194,841</u>

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (GAAP BASIS)
PUPIL ACTIVITY – SPECIAL REVENUE FUND
For the Year Ended June 30, 2020

	<u>Budget Amounts</u> <u>Original & Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>REVENUES:</u>			
Pupil Activity Revenues	-	63,720	63,720
Gate Receipts	86,803	16,880	(69,923)
Fees Revenues	-	6,174	6,174
Fund Raisers	-	70	70
Gifts and Contributions Income	-	1,000	1,000
Other Pupil Activity Income	-	4,670	4,670
<u>Total Revenues</u>	<u>86,803</u>	<u>92,514</u>	<u>5,711</u>
<u>EXPENDITURES:</u>			
Instruction:			
Salaries	63,000	68,229	(5,229)
Benefits	13,766	15,118	(1,352)
PS Professional	-	89	(89)
PS Other	33,207	32,362	845
Supplies and Materials	126,044	89,257	36,787
Property	2,000	-	2,000
Other	6,700	3,783	2,917
Operating Reserves	<u>109,396</u>	-	<u>109,396</u>
<u>Total Expenditures</u>	<u>354,113</u>	<u>208,838</u>	<u>145,275</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(267,310)</u>	<u>(116,324)</u>	
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	<u>235,186</u>	<u>235,186</u>	-
<u>Total Other Financing Sources (Uses)</u>	<u>235,186</u>	<u>235,186</u>	-
<u>REVENUES OVER (UNDER) OTHER FINANCING</u> <u>SOURCES (USES) AND EXPENDITURES</u>	<u>(32,124)</u>	<u>118,862</u>	
<u>FUND BALANCE, Beginning</u>	<u>32,124</u>	<u>32,124</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>150,986</u>	

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOOD SERVICE – SPECIAL REVENUE FUND
For the Year Ended June 30, 2020

	<u>Budget Amounts</u> <u>Original & Final</u>	<u>Actual</u>	<u>Variance-</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>REVENUES</u>			
<u>Local Sources</u>			
Food Sales	<u>18,000</u>	<u>19,857</u>	<u>1,857</u>
<u>Total Local Sources</u>	<u>18,000</u>	<u>19,857</u>	<u>1,857</u>
<u>State Sources</u>			
State Match	<u>2,523</u>	<u>2,457</u>	<u>(66)</u>
Loss of Products Reimbursement	<u>-</u>	<u>4,911</u>	<u>4,911</u>
<u>Total State Sources</u>	<u>2,523</u>	<u>7,368</u>	<u>4,845</u>
<u>Federal Sources</u>			
School Lunches	<u>267,000</u>	<u>263,209</u>	<u>(3,791)</u>
Commodities	<u>15,000</u>	<u>20,726</u>	<u>5,726</u>
<u>Total Federal Sources</u>	<u>282,000</u>	<u>283,935</u>	<u>1,935</u>
<u>TOTAL REVENUES</u>	<u>302,523</u>	<u>311,160</u>	<u>8,637</u>
<u>EXPENDITURES</u>			
Salaries	<u>161,988</u>	<u>161,684</u>	<u>304</u>
Employee Benefits	<u>69,739</u>	<u>68,807</u>	<u>932</u>
Purchased Services	<u>2,950</u>	<u>619</u>	<u>2,331</u>
Food and Milk	<u>167,400</u>	<u>151,652</u>	<u>15,748</u>
Other Supplies	<u>5,000</u>	<u>8,163</u>	<u>(3,163)</u>
Reserve	<u>19,066</u>	<u>-</u>	<u>19,066</u>
<u>TOTAL EXPENDITURES</u>	<u>426,143</u>	<u>390,925</u>	<u>35,218</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(123,620)</u>	<u>(79,765)</u>	
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	<u>50,000</u>	<u>50,000</u>	<u>-</u>
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
<u>REVENUES OVER (UNDER) OTHER FINANCING</u> <u>SOURCES (USES) AND EXPENDITURES</u>	<u>(73,620)</u>	<u>(29,765)</u>	
<u>FUND BALANCE, Beginning</u>	<u>73,620</u>	<u>73,620</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>43,855</u>	

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

STATE REQUIRED SCHEDULES

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

Bolded Balance Sheet



Colorado Department of Education

Auditors Integrity Report

District: 1390 - Huerfano 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	2,316,709	6,109,618	6,240,883	2,185,443
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	21,103	198,777	215,243	4,637
Sub-Total	2,337,812	6,308,395	6,456,126	2,190,081
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	73,620	361,160	390,924	43,855
22 Govt Designated-Purpose Grants Fund	0	391,823	391,823	0
23 Pupil Activity Special Revenue Fund	32,124	327,706	208,838	150,986
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	733,927	436,037	413,625	756,338
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	582,975	103,110	147,078	539,007
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	3,764,657	7,908,325	8,004,415	3,680,258
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: 1390 - Huerfano Re-1

Fiscal Year 2019-20

Colorado School District/BOCES

ASSETS	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
Cash and Investments (8100-8104,8111)	2,710,560	0	15,733	571,528	0	0	3,749	739,545	539,007	0	0	0	0	0	0	4,580,122
Taxes Receivable (8121,8122)	225,604	0	0	0	0	0	0	37,993	0	0	0	0	0	0	0	263,597
Interfund Loans Receivable (8131,8132)	8,951	0	0	26,567	0	0	0	0	0	0	0	0	0	0	0	35,518
Grants Accounts Receivable (8142)	12,784	0	0	36,722	0	0	29,539	0	0	0	0	0	0	0	0	79,045
Other Receivables (8151-8154,8161)	21,867	0	0	0	0	0	0	0	0	0	0	0	0	0	0	21,867
Inventories (8171,8172,8173)	0	0	0	0	0	0	10,567	0	0	0	0	0	0	0	0	10,567
Prepaid Expenses 8181,8182)	34,322	0	0	0	0	0	0	0	0	0	0	0	0	0	0	34,322
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	3,014,088	0	15,733	634,817	0	0	43,855	777,537	539,007	0	0	0	0	0	0	5,025,038

LIABILITIES & FUND EQUITY

LIABILITIES

	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
Interfund Payables (7401,7402)	26,567	0	0	8,951	0	0	0	0	0	0	0	0	0	0	0	35,518
Intergovernmental Payables (7411)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Payables (7421-7423)	25,223	0	0	0	0	0	0	0	0	0	0	0	0	0	0	25,223
Accrued Expenses (7461)	486,077	0	11,096	49,083	0	0	0	0	0	0	0	0	0	0	0	546,256
Payroll Dcd. and Withholdings (7471-7473)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	164,298	0	0	425,797	0	0	0	0	0	0	0	0	0	0	0	590,096
Deferred Inflow (7800)	126,479	0	0	0	0	0	0	21,199	0	0	0	0	0	0	0	147,678
Total Liabilities	828,644	0	11,096	483,831	0	0	0	21,199	0	0	0	0	0	0	0	1,344,770

Governmental	Proprietary	Fiduciary
1. Ownership: Owned by the government or public. 2. Control: Controlled by government officials or public representatives. 3. Profitability: Not primarily for profit; serves public interest. 4. Accountability: Accountable to the public and government. 5. Transparency: High transparency in operations and financials. 6. Regulation: Subject to government regulations and oversight. 7. Examples: Public schools, government hospitals, postal services.	1. Ownership: Owned by private individuals or companies. 2. Control: Controlled by private owners or shareholders. 3. Profitability: Primarily for profit. 4. Accountability: Accountable to owners or shareholders. 5. Transparency: Moderate transparency; more private. 6. Regulation: Subject to industry regulations but less government oversight. 7. Examples: Private hospitals, universities, corporations.	1. Ownership: Owned by individuals or institutions in a trust relationship. 2. Control: Controlled by fiduciaries or trustees. 3. Profitability: Not for profit; focus on duty and trust. 4. Accountability: High accountability to beneficiaries. 5. Transparency: High transparency in financial matters. 6. Regulation: Subject to strict legal and ethical standards. 7. Examples: Pension funds, trusts, mutual funds.

ProprietaryFiduciary

FUND EQUITY

FUND EQUITY															Totals
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	
Non-spendable Fund Balance 6710	34,322	0	0	0	0	10,567	0	0	0	0	0	0	0	0	44,888
Restricted Fund Balance 6720	0	0	0	0	0	33,289	756,338	0	0	0	0	0	0	0	789,627
TABOR 3% Emergency Reserve 6721	204,000	0	0	0	0	0	0	0	0	0	0	0	0	0	204,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Disluct Emergency Reserve (letter of credit or real estate) 6723	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	4,637
Risk-Related / Restricted Capital Reserve 6726	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
Committed Fund Balance 6750	0	0	0	0	0	0	0	539,007	0	0	0	0	0	0	539,007
Assigned Fund Balance 6760	0	0	0	0	0	0	0	0	0	0	0	0	0	0	150,986
Unassigned Fund Balance 6770	1,889,434	0	0	0	0	0	0	0	0	0	0	0	0	0	1,889,434
Invested in Capital Assets, Net of Related Debt 6790	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
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	57,687	0	0	0	0	0	0	0	0	0	0	0	0	0	57,687
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	2,185,443	0	4,637	150,986	0	43,855	756,338	539,007	0	0	0	0	0	0	3,680,269

General Funds	Charter School	Preschool	Special	Supplemental	Total	Food	Debt	Capital	Supplemental	Other	Risk-Related	Other	Trust & Foundations	Totals
Funds 10-12-18	Fund T1	Fund 39	Revenue Funds 20	Cap Const Fund 06	Program Reserve Fund 07	Service Special Revenue Fund 21	Service Funds 30-39	Projects Funds 40-45	Cap Const Fund 46	Enterprise Funds 50-52-59	Activity Funds 60-63-64	Internal Service Funds 70-79	Agency Funds 80-85	
3,014,086	0	15,733	634,817	0	0	43,855	777,537	539,007	0	0	0	0	0	5,025,038
Total Liabilities & Fund Equity														

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