

**KIOWA COUNTY SCHOOL DISTRICT RE-1  
EADS, COLORADO**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2020**

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**FINANCIAL SECTION**

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

## Required Supplementary Information (RSI)

### June 30, 2020

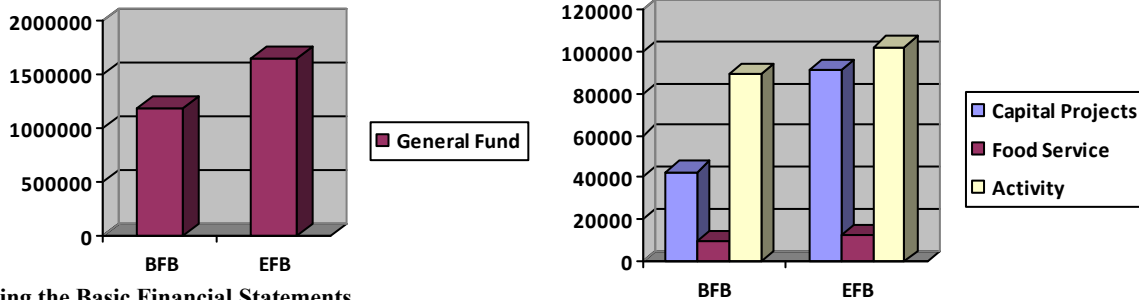
#### Introduction

Management's discussion and analysis (MD&A) of the financial activities of Kiowa County School District RE-1's (District) finances is to give the reader an overall review as of the year ended June 30, 2020. The purpose of this discussion is to look at the District's finances as a whole. To do this and in order for the reader to get a comprehensive understanding of the District's financial performance, you should also review the financial statements, financial statement footnotes, budgetary comparison schedules and the additional supplementary information.

The MD&A is a component of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, issued June 1999. Certain comparative information between the current and prior year, included in these statements is required to be presented.

#### Financial Highlights

- Governmental Funds. Net Position was lower in 2020 from (\$2,610,078) to (\$1,446,460), mainly as the result of the State contributing more toward the PERA reporting of GASB Statement 68 & 75.
- General Fund revenue exceeded expenditures by \$478,972, resulting in a \$1,657,518 fund balance available for Fiscal Year 2020-2021. This balance will fund 6.5 months of operating expenses, which meets the goal of the School Board.
- Capital Projects Fund increased by \$49,069 because of a larger transfer from the General Fund and no major expenses, leaving \$91,730 for use in Fiscal Year 2020-2021.
- Food Service Fund decrease by \$3,040, leaving \$12,101 for use in Fiscal Year 2020-2021.
- Activity Fund increased by \$12,829, leaving \$102,527 for use in Fiscal Year 2020-2021.



#### Using the Basic Financial Statements

This discussion and analysis functions as an introduction to the District's basic financial statements and their corresponding notes. We have organized these statements so that the reader may gain an understanding of the District as a complete operating entity. These statements then proceed to impart an increasingly thorough look at specific financial activities.

The Statement of Net Position and the Statement of Activities are government-wide financial statements. These statements provide long and short-term information concerning the district's overall financial status.

The remaining statements are fund financial statements which focus on individual parts of the district's operations in greater detail. The governmental fund statements reflect how general district services were funded in the short term as well as what funds remain for future spending. The financial statements also include notes that explain some of the information contained in the financial statements and provides more detailed data.

#### Financial Analysis of the District as a Whole

The analysis of governmental funds serves the purpose of looking at what resources came into the funds, how they were spent, and what is available for future expenditures. Did the District generate enough revenue to pay for current obligations? What is available for spending at the end of the year? The strong financial performance of the District as a whole, is reflected in its governmental funds as well. At the end of the fiscal year, the District's governmental funds reported combined ending fund balances of \$1,230,268.

As of June 30, 2020, the District's total net position was (\$1,446,460). The District's governmental net position was lower in 2020 decreasing from (\$2,610,078) to (\$1,446,460) or a 44.58% decrease; in contrast to last year's net position decrease of (\$620,830) or 19.22%. The District's unrestricted net position, the part of the net position that can be used to finance day-to-day operations without constraints established by legal requirements changed from a (\$4,713,786) deficit at June 30, 2019 to a (\$3,539,779) deficit at the end of this year, also a decrease of (\$1,174,007) or 24.91%.

The District's total governmental revenues for the year end June 30, 2020 increased by 6.44% or \$162,355; while the total cost of all programs and services decreased by \$96,763, or 4.10%. Even though there was an increase in revenues and a decrease in expenses, we saw an overall decrease in our net position. This decrease is reflective of the implementation of GASB Statement No. 68; which requires the District to report the net pension liability of the District's proportionate share in the PERA pension plan, which is \$3,130,803 along with the newly required implementation of GASB Statement 75; Other Post-Employment Benefits (OPEB) liability of \$153,950 for 2020. These liabilities must be reported on the District's financial statements but they are not current liabilities owed by the District.

Looking at the year end's bottom line, and taking the long-term obligations out, the District was able to show an overall increase in its governmental fund balance, going from \$1,319,966 as of June 30, 2019 to \$1,863,876 at June 30, 2020 which is an increase of \$543,910 or 41.21%.

### **Government-Wide Financial Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private businesses. The Statements of Net Position include all of the government'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 two government-wide statements report the District's net position and how they have changed. The change in net position is important because it tells the reader that for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of various factors, some financial, some not. Non-financial factors include facility conditions and required educational programs.

In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct kinds of activities:

**Governmental Activities** – The majority of the District's various programs and services are reported here including instruction, support services, operations and maintenance of plant, pupil transportation and extracurricular activities.

**Business-Type Activities** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District's Food Service operation is reported as a business activity.

A Condensed Statement of Net Position for the District is as follows:

	<u>2020</u>	<u>2019</u>
<b>Assets:</b>		
Current Assets	\$ 2,316,051	\$ 1,535,607
Capital Assets – Net	2,002,318	2,018,311
Deferred Outflows of Resources	772,975	1,642,421
Capital Assets & Deferred Outflows of Financial Resources	<u>5,091,344</u>	<u>5,196,339</u>
<b>Liabilities:</b>		
Current Liabilities	452,174	215,641
Non-current Liabilities	3,290,994	4,131,204
Deferred Inflows of Resources	2,794,637	3,459,572
Total Liabilities & Deferred Inflows of Financial Resources	<u>6,537,805</u>	<u>7,806,417</u>
<b>Net Position:</b>		
Net Invested in Capital Assets	2,002,318	2,018,311
Restricted	91,000	85,397
Unrestricted Net Position	(3,539,779)	(4,713,786)
Total Net Position(Deficit)	<u>(1,446,461)</u>	<u>(2,610,078)</u>
Total Liabilities, Deferred Outflows and Net Position	<u>\$ 5,091,344</u>	<u>\$ 5,196,339</u>

The District currently is showing a decrease in our Net Position of \$1,163,618 from (\$2,610,078) to (\$1,446,460).

The majority of the District's net position are invested in capital assets (buildings, land, and equipment). The remaining net position is a combination of restricted and non-restricted amounts. The restricted balances are primarily dollar amounts legally restricted for TABOR emergencies.

A Condensed Statement of Activities and Changes in Net Position is reflected below:

	<u>2020</u>	<u>2019</u>
<b>Program Revenues:</b>		
Charges for Services	\$ 176,438	\$ 189,721
Operating Grants	568,628	426,531
Capital Grants and Contributions	7,492	-
Total Program Revenues	<u>752,558</u>	<u>616,252</u>
<b>General Revenues:</b>		
Taxes	590,596	552,065
State Equalization	1,850,854	1,721,291
Investment Earnings	12,085	6,850
Gain (Loss) on Capital Asset Disposals	2,850	500
Miscellaneous Revenues	67,891	81,215
Total General Revenues	<u>2,524,276</u>	<u>2,361,921</u>
Transfers	(18,437)	-
<b>Total Revenues</b>	<u>3,258,397</u>	<u>2,978,173</u>
<b>Expenses:</b>		
Instruction	1,256,522	1,304,275
Supporting Services	<u>1,004,058</u>	<u>1,053,068</u>
<b>Total Expenses</b>	<u>2,260,580</u>	<u>2,357,343</u>
Change in Net Position	<u>997,817</u>	<u>620,830</u>
Net Position - Beginning	(2,610,078)	(3,230,908)
Prior Period Restatement	147,365	-
Net Position - Beginning (Restated)	<u>(2,462,713)</u>	<u>(3,230,908)</u>
<b>Net Position Ending</b>	<u>\$ (1,464,896)</u>	<u>\$ (2,610,078)</u>

The District managed its governmental operations in an effort to maintain the available carryover, in order to establish a minimum six month operating window. At this time the District has a healthy eight month operating window.

### **Reporting the District's Most Significant Funds**

The analysis of the District's major funds begins on page 4. These fund financial reports provide detailed information regarding the District's major funds. The District's major governmental funds are the General Fund and Pupil Activity Funds. Other Non-major governmental funds are the Food Service Fund and Capital Projects Fund.

**Governmental Funds.** Most of the District's financial activities are reported in the governmental funds. These statements focus on how money flows into and out of those funds and reflects the balances left at year-end that is available for spending in future periods. The District uses the accounting method known as modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash to report these funds. The governmental fund statements offer a detailed short-term examination of the District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be expended in the near future to finance educational programs. The relationship between government activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds is reconciled in the financial statements of the Governmental Funds. The General Fund provides the majority of the District's instruction and support operations.

**Proprietary Fund.** Our Proprietary Fund is the Food Service Fund or Lunch Fund. This fund had revenues of \$134,449 which included a General Fund transfer of \$2,000, and expenses of \$131,409. Historically this fund has operated as an enterprise fund using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the business-type activity section of the government-wide statements. We have added one part-time employee as well as improving the menus making them healthier to meet federal guidelines and more appealing to the students. During the first part of the year, the number of meals served remained constant, however, after the month of March 2020 we began serving meals through the Summer Food Service Program (SFSP) in order to provide free meals to all children ages 0 to 18 during the pandemic in our community. This increased the number of meals we served immensely. Under normal circumstances, it will always require a transfer from the General Fund in order to operate the Food Service Fund. The board is aware of the difficulties in operating this fund and that it will require continuous monitoring, while providing nutritious meals to the students at a reasonable cost.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside of the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Kiowa County School District RE-1's own programs. The fiduciary funds utilized by our District is the Pupil Activity Fund. The accounting for fiduciary funds is much like that used for proprietary funds. The Activity Fund generally accounts for the student generated revenues and expenditures related to non-classroom activities.

### **Fund Financial Statements**

The fund financial statements focus on individual parts of the District's operations in greater detail. A fund is a grouping of related accounts that are used to keep track of specific sources of funding and spending for specific purposes. The governmental fund statements provide a detailed short-term view that helps you determine whether there is more or less financial resources that can be spent in the near future to finance the District's programs. The proprietary fund statements offer short and long-term financial information about the activities the District operates as a Fiduciary Fund; for our District this activity is known as the Food Service Fund. The financial statements also include notes that explain some of the information contained in the financial statements and provides more detailed data. The Notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

In addition to the basic financial statements and the accompanying notes, this report also presents certain *Required Supplementary Information* (RSI) other than the MD&A consisting of a budgetary comparison schedule for the General Fund and each major fiduciary fund that has a legally adopted annual budget. The schedule includes an accompanying note explaining the differences between actual amounts as reported on the basis of budgeting and the GAAP basis of reporting.

**General Fund.** Equity in the General Fund increased from 2019 to 2020 by \$478,972 mainly due to the receipt of additional grant revenues and the Coronavirus Relief Funds we received upon the declaration of a National Health Emergency. We have also made some staffing changes in order to provide on-line learning to our students from mid March to the end of school in May 2020. None of our programs or the supplies required to operate those programs have been affected by our funding decisions. We continue to put the education of our students at the forefront of all decisions we make. As a District we are always in the process of comparing expenditures to revenues in an effort to maintain, if not increase, operating carryovers in order to maintain a minimum six-month operating reserve. We continue to budget adequate contingencies greater than required by law to cover any unanticipated operational needs. As the financials reflect; the District's budget continues to remain reasonably constant with any increases in revenue being used to offset the cost of salary and benefits for additional staff and/or programs.

**Pupil Activity Fund.** Equity in the Pupil Activity Fund increased by a total of \$12,830 from 2019 to 2020. As the District does not control the activity within this fund, due to its custodial nature, equity balances may increase or decrease on an annual basis.

**Capital Reserve Projects Fund.** Equity in this fund increased by \$49,069 from 2019 to 2020 as there were no major capital purchases or renovations took place.

**Food Service Fund.** This Fiduciary Fund reflected a fund balance increase of \$3,040 from 2019 to 2020. This increase mainly comes from the fact that we switched to the SFSP beginning March 30, 2020. The SFSP provides a high reimbursement rate for meals served and the number of meals we served increased.

**Capital Assets**

As of June 30, 2020, the District had \$2,018,311 invested in a broad range of capital assets, including land, buildings, furniture and equipment. This amount represents a net decrease (including additions, deletions, and depreciation) of \$15,993 or .79% decrease from the year ending June 30, 2019. A summary of the District's Governmental Capital Assets is as follows:

	<b>Balance July 1, 2019</b>	<b>Additions</b>	<b>Deletions &amp; Transfers</b>	<b>Balance June 30, 2020</b>
<b><u>Governmental Activities</u></b>				
Capital Assets Not Being Depreciated				
Construction in Progress	\$ 164,654	\$ 58,039	\$ -	\$ 222,693
Capital Assets Being Depreciated				
Buildings	3,255,147	-	-	3,255,147
Land Improvements	438,834	-	-	438,834
Machinery & Equipment	155,595	11,699	-	167,294
Food Service Equipment	35,350	20,340	-	55,690
Vehicles	439,791	-	78,506	361,285
Total Capital Assets Being Depreciated	<u>4,324,717</u>	<u>32,039</u>	<u>78,506</u>	<u>4,278,250</u>
Total Capital Assets	<u>4,489,371</u>	<u>90,078</u>	<u>78,506</u>	<u>4,500,943</u>
Less Accumulated Depreciation:				
Buildings	(1,644,255)	(69,602)	-	(1,713,857)
Land Improvements	(291,317)	(15,874)	-	(307,191)
Machinery & Equipment	(110,104)	(7,863)	-	(117,967)
Food Service Equipment	(27,983)	(1,754)	-	(29,737)
Vehicles	(397,401)	(10,978)	(78,506)	(329,873)
Total Accumulated Depreciation	<u>(2,471,060)</u>	<u>(106,071)</u>	<u>(78,506)</u>	<u>(2,498,625)</u>
<b>Net Capital Assets</b>	<b><u>\$ 2,018,311</u></b>	<b><u>\$ (15,993)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,002,318</u></b>

The District expended \$90,078 to improve capital assets during the fiscal year; these improvements consisted of a complete remodel of the Old Gym boy's locker room, painting of the interior and various repairs to the interior walls. Reductions and Transfers in our capital assets totaled (\$94,499). These reductions and transfers consisted of depreciation in the amount of (\$106,071) while construction in progress in the amount of \$58,039 was recorded along with the addition of Food Service equipment of \$20,340 and other machinery & equipment purchases of \$11,699. The Districts overall Net Assets decreased by \$15,993 making the Total Assets held by the District \$2,002,318. The District does not maintain separate infrastructure assets as all infrastructure has been included with the related capital assets.

**Debt Administration**

As of June 30, 2020, the District had a total outstanding long-term debt as follows:

	<b>Balance July 1, 2019</b>	<b>Additions</b>	<b>Payments</b>	<b>Balance June 30, 2020</b>	<b>Current Portion</b>
PERA Net OPEB Liability	\$ 196,176	\$ -	\$ 42,226	\$ 153,950	\$ -
PERA Net Pension Liability	3,927,933	-	797,130	3,130,803	-
Accrued Compensated Absences	7,095	-	854	6,241	-
<b>Total Long-Term Obligations</b>	<b>\$ 4,131,204</b>	<b>\$ -</b>	<b>\$ 840,210</b>	<b>\$ 3,290,994</b>	<b>\$ -</b>

The accrued compensated absences represent the amounts to be funded for earned but unused vacation and sick leave. Additional information related to the District's long-term obligations can be found in Note 6, Note 8, Note 9 and Note 10 to the financial statements.

**General Fund Budget**

The Board of Education adopts the District's budget in June of each year. Changes, if needed, are then made in January when student enrollment is finalized. The adoption of supplemental budgets is allowed throughout the year when unanticipated additional revenues are received, usually in the form of grants. The majority of changes to the General Fund budget are in the area of salary and benefits due to staff changes and the acquisition or renovation of Capital Assets. Program funding is based upon student enrollment on October 1<sup>st</sup> of each year. This per pupil funding is a combination of Property Tax, State Equalization and Specific Ownership Tax.

**The Future of the District**

The District's plans for the future are to continue building and/or maintaining equity through efficient operations, in order to maintain a fund balance close to \$1,000,000. We believe that this is an adequate amount of fund balance to withstand a drop in enrollment and to have available in reserve in case of emergency. Although we feel we are in a stable financial position, with the fluctuation in enrollment we do not want to get caught with an inadequate budget to support the instruction of our students; so we constantly review the budget, expenses and revenues to make sure we remain on track with our objectives. We have already begun the process of prioritizing funding line items to address any unforeseen shortfalls, as well as looking at different scenarios to reduce expenses district wide yet maintain student achievement. It is our hope and intention to maintain as many programs and opportunities as possible with the current budget outlook.

Our future goals are to evaluate all areas of the budget and to prioritize line items that are instrumental to student achievement. Staff salaries are another area that we will be considering. Due to the minimum wage increases, classified salaries have been increased, which results in higher costs. The certified salary schedules will need to be addressed as well to keep an overall equitable rate of pay throughout the district. The capital construction focus will be on increasing school safety throughout our facilities. The district will pursue grants that have matching components that can be costly, but help offset the overall costs. Finally, our bus fleet must be updated. We are looking at purchasing an activity bus that will be approximately \$110,000, as well as considering route busses that range from \$45,000-\$65,000. Technology is an area that must be updated regularly, however, we do not anticipate any major purchases for the next fiscal year. It is our overall goal to remain diligent in making decisions that will keep the district in a good financial position, while maintaining a level of excellence that we have worked so hard to develop.

The following is a comparison of the funded student count and actual number of students for the past five years.

<u>School Year</u>	<u>Actual Number of Students</u>	<u>Funded Count</u>
2014-2015	175	153
2015-2016	171	150
2016-2017	192	173.5
2017-2018	184	163
2018-2019	208	174.5
2019-2020	203	177.5

The District has been able to take advantage of state funding rules that allowed us to average up to the last five years for our funding.

The Administration and Board of Education realize that the quality of life in a community is directly linked to the quality of its schools. In these past few years, with the uncertainty of funding, we have maintained high student academic achievements, earning the John Irwin School of Excellence Award multiple times and the National Title I. Our students state assessment scores were: above the state average in all schools.

Our small class sizes, opportunities for advanced coursework using the Concurrent Enrollment program through Lamar Community College and a school culture with very minor discipline issues along with zero to only one or two dropouts to record contribute to a school family that knows the value of an education.

### **Requests for Information**

This financial report is designed to provide citizens, taxpayers and anyone interested in the government's finances with a general overview of Kiowa County School District RE-1's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information

contact Pamela Cole, Business Manager by calling 719-438-2218; stop by the Business Office located at 210 W 10<sup>th</sup> Street, Eads, Colorado between the hours of 8:00 a.m. to 4:00 p.m. mountain standard time; or send your request in writing to: Kiowa County School District RE-1, Business Manager, 210 W 10<sup>th</sup>, Eads CO 81036.

# Mayberry & Company, LLC

## Certified Public Accountants

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

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Board of Education  
Kiowa County School District RE-1  
Eads, Colorado

### Independent Auditors' Report

#### **Report on the Financial Statements**

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

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

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

#### ***Auditors' Responsibility***

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

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

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

#### ***Opinion***

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

**Report on Summarized Comparative Information**

We have previously audited the Kiowa County School District RE-1's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 6, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Matters**

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

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1–M7 and pension schedules on 41-44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Required Supplementary Information – Budgetary Comparison Schedule and Other Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on pages 45-49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. In addition, the combining individual fund schedules on pages 50 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements.

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

**Report on Other Legal and Regulatory Requirements**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Colorado Department of Education Auditors Integrity and Bolded Balance Sheet reports pages 51-54 are presented for state regulatory compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Mayberry + Company, LLC*

Englewood, CO  
February 22, 2021

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## **BASIC FINANCIAL STATEMENTS**

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

KIOWA COUNTY SCHOOL DISTRICT RE-1

Statement of Net Position  
June 30, 2020

	<b>Governmental Activities</b>
	<hr/>
<b>ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>	
<b>Assets</b>	
<b>Current Assets</b>	
Cash and Investments	\$ 2,218,111
Cash with Fiscal Agent	41,459
Taxes Receivable	33,937
Other Accounts Receivable	1,304
Inventory	5,445
Prepaid Expenses	15,795
<b>Capital and Other Assets</b>	
Capital Assets not Being Depreciated	222,693
Capital Assets Being Depreciated	4,278,250
Accumulated Depreciation	(2,498,625)
<b>Total Assets</b>	<hr/> 4,318,369 <hr/>
<b>Deferred Outflows of Financial Resources</b>	
Net Pension Deferred Outflows	759,638
Net OPEB Deferred Outflows	13,337
<b>Total Deferred Outflows of Financial Resources</b>	<hr/> 772,975 <hr/>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>	<hr/> \$ 5,091,344 <hr/>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 47,729
Accrued Salaries & Benefits	159,459
Unearned Revenue	1,698
Unearned Revenue Grants	243,288
<b>Noncurrent Liabilities</b>	
Due In More Than One Year	3,290,994
<b>Total Liabilities</b>	<hr/> 3,743,168 <hr/>
<b>Deferred Inflows of Financial Resources</b>	
Net Pension Deferred Inflows	2,755,573
Net OPEB Deferred Inflows	39,064
<b>Total Deferred Inflows of Financial Resources</b>	<hr/> 2,794,637 <hr/>
<b>Net Position</b>	
Net Investment in Capital Assets	2,002,318
Restricted Net Position	91,000
Unrestricted Net Position	(3,539,779)
<b>Total Net Position</b>	<hr/> (1,446,461) <hr/>
<b>TOTAL LIABILITIES, DEFERRED OUTFLOWS AND NET POSITION</b>	<hr/> \$ 5,091,344 <hr/>

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

KIOWA COUNTY SCHOOL DISTRICT RE-1

Statement of Activities  
For the Year Ended June 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
<b>Primary Government</b>					
<b>Governmental Activities</b>					
Instruction	\$ 1,256,522	\$ 125,202	\$ 120,372	\$ 7,492	\$ (1,003,456)
Supporting Services	<u>1,004,058</u>	<u>51,236</u>	<u>448,256</u>	-	<u>(504,566)</u>
<b>Total Primary Government</b>	<u>\$ 2,260,580</u>	<u>\$ 176,438</u>	<u>\$ 568,628</u>	<u>\$ 7,492</u>	<u>(1,508,022)</u>
<b>General Revenues</b>					
Property Taxes					499,642
Specific Ownership Taxes					90,954
State Equalization					1,850,854
Investment Earnings					12,085
Gain (Loss) on Capital Asset Disposals					2,850
Insurance Proceeds					7,605
Other Revenues					<u>60,286</u>
<b>Total General Revenues</b>					<u>2,524,276</u>
<b>Transfers</b>					-
<b>Change in Net Position</b>					<u>1,016,254</u>
Beginning Net Position					(2,610,078)
Prior Period Restatement					<u>147,365</u>
Beginning Net Position (As Restated)					<u>(2,462,713)</u>
Ending Net Position					<u>\$ (1,446,459)</u>

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

**KIOWA COUNTY SCHOOL DISTRICT RE-1**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

	<u>Special Revenue</u>			<u>Capital Projects</u>
	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Pupil Activity Fund</u>	<u>Capital Reserve Project Fund</u>
<b>ASSETS</b>				
Cash and Investments	\$ 2,016,003	\$ 7,851	\$ 102,527	\$ 91,730
Cash with Fiscal Agent	41,459	-	-	-
Taxes Receivable	33,937	-	-	-
Grants Receivable	-	-	-	-
Other Accounts Receivable	800	504	-	-
Inventory	-	5,445	-	-
Prepaid Expenses	15,795	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 2,107,994</u>	<u>\$ 13,800</u>	<u>\$ 102,527</u>	<u>\$ 91,730</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>				
<b>Liabilities</b>				
Accounts Payable	47,729	-	-	-
Accrued Salaries & Benefits	159,459	-	-	-
Unearned Revenue	-	1,698	-	-
Unearned Revenue Grants	243,288	-	-	-
<b>Total Liabilities</b>	<u>450,476</u>	<u>1,698</u>	<u>-</u>	<u>-</u>
<b>Fund Balance</b>				
Nonspendable Fund Balance	15,612	5,445	-	-
Restricted Fund Balance				
Restricted for TABOR Emergencies	91,000	-	-	-
Committed Fund Balance	-	6,657	102,527	91,730
Unassigned Fund Balance	1,550,906	-	-	-
<b>Total Fund Balance</b>	<u>1,657,518</u>	<u>12,102</u>	<u>102,527</u>	<u>91,730</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<u>\$ 2,107,994</u>	<u>\$ 13,800</u>	<u>\$ 102,527</u>	<u>\$ 91,730</u>

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

Totals

<u>2020</u>	<u>2019</u>
\$ 2,218,111	\$ 1,468,181
41,459	658
33,937	37,903
-	10,415
1,304	1,567
5,445	1,272
15,795	15,612
<u>\$ 2,316,051</u>	<u>\$ 1,535,608</u>
47,729	46,038
159,459	157,844
1,698	535
<u>243,288</u>	<u>11,225</u>
<u>452,174</u>	<u>215,642</u>
21,057	16,884
91,000	84,000
200,914	140,149
<u>1,550,906</u>	<u>1,078,933</u>
<u>1,863,877</u>	<u>1,319,966</u>
<u>\$ 2,316,051</u>	<u>\$ 1,535,608</u>

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**KIOWA COUNTY SCHOOL DISTRICT RE-1**

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

Fund Balance - Governmental Funds		\$	1,863,877
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, not being depreciated	\$	222,693	
Capital assets, being depreciated		4,278,250	
Accumulated depreciation		<u>(2,498,625)</u>	2,002,318
Certain long-term pension and OPEB related costs and adjustments are not available to pay or payable currently and are therefore not reported in the funds			
<b>Pension Liability</b>			
Net pension deferred outflows		759,638	
Net pension liability		(3,130,803)	
Net pension deferred inflows		<u>(2,755,573)</u>	(5,126,738)
<b>OPEB Liability</b>			
Net OPEB deferred outflows		13,337	
Net OPEB liability		(153,950)	
Net OPEB deferred inflows		<u>(39,064)</u>	(179,677)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Accrued compensated absences			<u>(6,241)</u>
Total Net Position - Governmental Activities		\$	<u><u>(1,446,461)</u></u>

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

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

	Special Revenue			Capital Projects
	General Fund	Food Service Fund	Pupil Activity Fund	Capital Reserve Project Fund
<b>REVENUES</b>				
Local Sources	\$ 788,122	\$ 31,833	\$ 117,426	\$ 94
Intermediate Sources	1,440	-	-	-
State Sources	2,155,397	1,391	-	-
Federal Sources	81,904	99,225	-	-
<b>TOTAL REVENUES</b>	<b>3,026,863</b>	<b>132,449</b>	<b>117,426</b>	<b>94</b>
<b>EXPENDITURES</b>				
Current:				
Instruction	1,396,973	-	123,033	-
Pupil Support	96,260	-	-	-
Staff Support	49,560	-	-	-
General Administration	109,060	-	-	-
School Administration	207,994	-	-	-
Business Services	77,802	-	-	-
Operations and Maintenance	295,206	-	-	15,600
Transportation	113,993	-	-	-
Other Central Support	7,480	-	-	-
Risk Management	39,981	-	-	-
Other Supporting Services	106	-	-	-
Food Service	-	131,409	-	-
Facilities	58,039	-	-	10,425
<b>TOTAL EXPENDITURES</b>	<b>2,452,454</b>	<b>131,409</b>	<b>123,033</b>	<b>26,025</b>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	<b>574,409</b>	<b>1,040</b>	<b>(5,607)</b>	<b>(25,931)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (Out)	(95,437)	2,000	18,437	75,000
<b>CHANGE IN FUND BALANCE</b>	<b>478,972</b>	<b>3,040</b>	<b>12,830</b>	<b>49,069</b>
<b>BEGINNING FUND BALANCE</b>	<b>1,178,546</b>	<b>9,061</b>	<b>89,698</b>	<b>42,661</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 1,657,518</b>	<b>\$ 12,101</b>	<b>\$ 102,528</b>	<b>\$ 91,730</b>

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

**Totals**

<b>2020</b>	<b>2019</b>
\$ 937,475	\$ 823,452
1,440	1,255
2,156,788	2,031,238
181,129	122,227
<u>3,276,832</u>	<u>2,978,172</u>
1,520,006	1,492,245
96,260	76,476
49,560	51,503
109,060	146,264
207,994	143,913
77,802	77,428
310,806	340,395
113,993	140,176
7,480	3,906
39,981	20,516
106	1,021
131,409	117,579
68,464	187,807
<u>2,732,921</u>	<u>2,799,229</u>
543,911	178,943
-	-
543,911	178,943
1,319,966	1,141,023
<u>\$ 1,863,877</u>	<u>\$ 1,319,966</u>

**KIOWA COUNTY SCHOOL DISTRICT RE-1**

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

Change in Fund Balance - Governmental Funds	\$	543,911
<p>Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level</p>		
Capitalized Asset Purchases	\$	90,078
Depreciation Expense		<u>(106,071)</u>
		(15,993)
<p>Pension and OPEB expense at the fund level represent cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.</p>		
<b>Pension Liability</b>		
Current year change and amortization of deferred outflows - net	(866,788)	
Change in net pension liability	797,130	
Current year change and amortization of deferred inflows - net	<u>552,863</u>	483,205
<b>OPEB Liability</b>		
Current year change and amortization of deferred outflows - net	(1,494)	
Change in OPEB liability	42,226	
Current year change and amortization of deferred inflows - net	<u>(36,457)</u>	4,275
<p>Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level.</p>		
Change in accrued compensated absences		<u>854</u>
Total Net Position - Governmental Activities	\$	<u><u>1,016,252</u></u>

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

## KIOWA COUNTY SCHOOL DISTRICT RE-1

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### **Reporting Entity**

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

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

##### **Basis of Presentation**

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

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

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

##### **Fund Financial Statements**

The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column.

The District reports the following major governmental fund:

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

# KIOWA COUNTY SCHOOL DISTRICT RE-1

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Basis of Presentation** (Continued)

#### **Fund Financial Statements** (Continued)

Special Revenue Funds (Food Service Fund) - These funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are restricted to expenditures for specified purposes. The Food Service Fund accounts for the District's food service program.

Pupil Activity Fund – This fund specifically accounts for the District's student club and organization activity.

Capital Projects Funds (Capital Reserve Capital Projects Fund) – These funds are used to account for the completion of major capital projects. The capital reserve activity is funded through elective transfers from the General Fund.

#### **Measurement Focus and Basis of Accounting**

##### Government-Wide Financial Statements

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

##### Governmental Fund Financial Statements

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

**KIOWA COUNTY SCHOOL DISTRICT RE-1**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

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

**Measurement Focus and Basis of Accounting** (Continued)

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

**Cash and Investments** - Cash is kept in interest bearing accounts which are comprised of checking accounts and money market accounts which are legally authorized. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Investments are recorded at fair value.

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

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

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

**Capital Assets** - Capital assets used in governmental activities operations are shown on the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. These assets are not shown in the governmental funds and are therefore listed as a reconciling item between the two presentations. Property and equipment acquired or constructed for governmental fund operations are recorded as expenditures in the fund making the expenditure and capitalized at cost in the government-wide presentation. No depreciation has been provided on capital assets in the governmental funds.

Property and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

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

Buildings and Site Improvements	10-40 years
Vehicles	5-15 years
Other Equipment	15 years

**Unearned Revenue** – Unearned revenues represent revenues received which are not recognized until qualifying expenditures are incurred.

**Vacation, Sick Leave, and Other Compensated Absences** - District employees are entitled to certain compensated absences based on their length of employment. Compensated absences do not vest or accumulate and are recorded as expenditures when they are paid. Vacation can be carried over upon the superintendent's approval.

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has two items that qualify for reporting in this category, both related to outstanding pension and OPEB obligations and further described in Notes 8 and 10.

KIOWA COUNTY SCHOOL DISTRICT RE-1

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

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

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

**Deferred Outflows/Inflows of Resources** (Continued)

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows for property taxes as described above, prepaid student balances and pension and OPEB related deferrals as further described in Notes 8 and 10.

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

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

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

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

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

All remaining governmental balances or deficits in the other governmental funds are presented as unassigned.

For the classification of fund and net position balances, the District considers an expenditure to be made from the most restrictive classification first, when more than one classification is available.

**KIOWA COUNTY SCHOOL DISTRICT RE-1**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

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

**Net Position/Fund Balance Flow Assumptions**

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

**Revenues and Expenditures/Expenses**

Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees, and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

**Property Tax Revenues** - Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor on October 1. Assessed values are an approximation of market value. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November.

Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they are levied. Property taxes are recognized as revenue when payable to the County Treasurer. Uncollected property taxes levied in 2019 for collection in 2020 are identified as property taxes receivable at June 30.

**Comparative Data**

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

**KIOWA COUNTY SCHOOL DISTRICT RE-1**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

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

**Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with generally accepted accounting principles (except for the Enterprise Fund which budgets on the cash basis). Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year end.

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

- Budgets are required by state law for all funds. By May 31, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- The District has until January 31st of each year to revise the budget.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the Board of Education.
- Encumbrances represent a commitment for the estimated amount of expenditures which could ultimately result from the fulfillment of uncompleted purchase orders and contracts. Encumbrances lapse at the end of each fiscal year (June 30). Lapsed encumbrances are then reviewed by department heads to determine those which will remain canceled and those which will be reinstated and paid from appropriations for the following year. Encumbrances are therefore not considered expenditures until an actual liability is incurred. Encumbrances are not shown as a reservation of fund balance at fiscal year-end because they have lapsed and are pending reinstatement.

**NOTE 2: CASH AND INVESTMENTS**

The following is a reconciliation of cash on the statement of net position to the summary of cash and investments shown below:

Deposits	\$	2,216,361
Cash on hand		<u>1,750</u>
<b>Total</b>	<b>\$</b>	<b><u><u>2,218,111</u></u></b>
Government-wide - unrestricted	\$	2,218,111

**KIOWA COUNTY SCHOOL DISTRICT RE-1**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 2: CASH AND INVESTMENTS**

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At June 30, 2020, all of the District's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

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

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC insured	\$ 250,000	\$ 250,000
PDPA collateralized (Not in District's name)	<u>2,029,945</u>	<u>1,966,362</u>
<b>Total</b>	<b><u>\$ 2,279,945</u></b>	<b><u>\$ 2,216,362</u></b>

**Investments**

Credit Risk

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

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

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

Concentration of Credit Risk

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

**KIOWA COUNTY SCHOOL DISTRICT RE-1**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 2: CASH AND INVESTMENTS**

**Investments**

Interest Rate Risk

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

Custodial Credit Risk – Investments

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

**NOTE 3: INVENTORIES**

Food Service Fund inventory as of June 30, 2020 consisted of purchased food and supplies and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt. Inventory at June 30, 2020, was valued at \$5,445.

KIOWA COUNTY SCHOOL DISTRICT RE-1

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 4: CAPITAL ASSETS**

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

	Balance July 1, 2019	Additions	Deletions & Transfers	Balance June 30, 2020
<b><u>Governmental Activities</u></b>				
Capital Assets Not Being Depreciated				
Construction in Progress	\$ 164,654	\$ 58,039	\$ -	\$ 222,693
Capital Assets Being Depreciated				
Buildings	3,255,147	-	-	3,255,147
Land Improvements	438,834	-	-	438,834
Machinery & Equipment	155,595	11,699	-	167,294
Food Service Equipment	35,350	20,340	-	55,690
Vehicles	439,791	-	78,506	361,285
Total Capital Assets Being Depreciated	<u>4,324,717</u>	<u>32,039</u>	<u>78,506</u>	<u>4,278,250</u>
Total Capital Assets	<u>4,489,371</u>	<u>90,078</u>	<u>78,506</u>	<u>4,500,943</u>
Less Accumulated Depreciation:				
Buildings	(1,644,255)	(69,602)	-	(1,713,857)
Land Improvements	(291,317)	(15,874)	-	(307,191)
Machinery & Equipment	(110,104)	(7,863)	-	(117,967)
Food Service Equipment	(27,983)	(1,754)	-	(29,737)
Vehicles	(397,401)	(10,978)	(78,506)	(329,873)
Total Accumulated Depreciation	<u>(2,471,060)</u>	<u>(106,071)</u>	<u>(78,506)</u>	<u>(2,498,625)</u>
<b>Net Capital Assets</b>	<b><u>\$ 2,018,311</u></b>	<b><u>\$ (15,993)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,002,318</u></b>

Depreciation expense for governmental activities was allocated to activities as follows:

Instruction	\$ 58,995
Supporting Services	47,076
<b>Total Depreciation</b>	<b><u>\$ 106,071</u></b>

The District is required under GASB Statement No. 34, to compute depreciation on all of its capital assets and to record that depreciation on its government-wide financial statements. For the year ended June 30, 2020, depreciation has been charged to governmental activities on the government-wide financial statements. Depreciation is not charged to governmental funds and is accordingly shown as a reconciliation item between the governmental fund and governmental activities presentations. The District does not record infrastructure. All infrastructure type assets have been included as part of the value of the related asset.

**KIOWA COUNTY SCHOOL DISTRICT RE-1**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 5: ACCRUED SALARIES AND BENEFITS**

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2020, were \$159,459.

**NOTE 6: LONG-TERM OBLIGATIONS**

Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General and Food Service Funds.

Changes in long-term obligations for the year ended June 30, 2020 are as follows:

	<u>Balance</u> <u>July 1,</u> <u>2019</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30,</u> <u>2020</u>	<u>Current</u> <u>Portion</u>
PERA Net OPEB Liability	\$ 196,176	\$ -	\$ 42,226	\$ 153,950	\$ -
PERA Net Pension Liability	3,927,933	-	797,130	3,130,803	-
Accrued Compensated Absences	7,095	-	854	6,241	-
<b>Total Long-Term Obligations</b>	<b>\$ 4,131,204</b>	<b>\$ -</b>	<b>\$ 840,210</b>	<b>\$ 3,290,994</b>	<b>\$ -</b>

Beginning with the June 30, 2001 fiscal year, the District began offering an early retirement incentive to its teachers and other long-term employees. All teachers and other employees that have been employed by the District for at least 20 years are eligible to receive either \$35,000 upon retirement in the case of teachers or ½ the annual salary of other employees, paid equally in annual installments over the three fiscal years subsequent to retirement. During the year, no teacher opted into this program and there are no current participants.

In addition, the District has recorded an obligation for accrued compensated absences related to leave carryovers at June 30, 2020.

**NOTE 7: JOINTLY GOVERNED ORGANIZATION**

**BOCES**

The District in conjunction with other surrounding districts created the Southeastern Colorado 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 BOCES board is comprised of one member from each participating district. During the fiscal year ended June 30, 2020, the District paid total BOCES assessments of \$36,370. Financial statements for the BOCES can be obtained from the BOCES administrative office at: 703 South Third, Lamar, CO 81052.

## KIOWA COUNTY SCHOOL DISTRICT RE-1

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

#### NOTE 8: DEFINED BENEFIT PENSION PLAN

##### **Summary of Significant Accounting Policies**

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

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

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

##### **General Information about the Pension Plan**

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

## KIOWA COUNTY SCHOOL DISTRICT RE-1

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

#### NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

##### **General Information about the Pension Plan** (Continued)

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

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

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

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

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

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

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

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

**KIOWA COUNTY SCHOOL DISTRICT RE-1**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)**

**General Information about the Pension Plan (Continued)**

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

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

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

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

**KIOWA COUNTY SCHOOL DISTRICT RE-1**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)**

**General Information about the Pension Plan (Continued)**

	January 1, 2019 Through June 30, 2019	January 1, 2019 Through June 30, 2020
Employer contribution rate	10.15%	10.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%	-1.02%
Amount apportioned to the SCHDTF	9.13%	9.38%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	4.50%	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	5.50%	5.50%
<b>Total employer contribution rate to the SCHDTF</b>	<b>19.13%</b>	<b>19.38%</b>

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

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$237,128 for the year ended June 30, 2019.

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

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

**KIOWA COUNTY SCHOOL DISTRICT RE-1**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)**

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

At June 30, 2020, the District reported a liability of \$3,130,803 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	(3,130,803)
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	\$	(352,405)
<b>Total</b>	<b>\$</b>	<b>(3,483,208)</b>

At December 31, 2019, the District proportion was 0.02096 percent, which was a decrease of 0.00123 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$240,678 and revenue of \$352,405 for support from the State as a nonemployer contributing entity. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Difference between expected and actual experience	\$ 175,735	\$ -
Changes of assumptions or other inputs	\$ 106,262	\$ (1,503,232)
Net difference between projected and actual earnings on pension plan investments	\$ 353,818	\$ (742,692)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 605	\$ (509,649)
Contributions subsequent to the measurement date	\$ 123,218	\$ -
<b>Total</b>	<b>\$ 759,638</b>	<b>\$ (2,755,573)</b>

\$123,218 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:

**KIOWA COUNTY SCHOOL DISTRICT RE-1**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

**NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)**

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

<b>Year Ended June 30:</b>	<b>Fiscal Year Totals</b>
2021	\$ (1,139,899)
2022	(825,973)
2023	(27,120)
2024	(126,161)
<b>Total</b>	<b>\$ (2,119,153)</b>

*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:

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

<sup>1</sup> For 2019, the AI was 0.0%

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

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

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

**KIOWA COUNTY SCHOOL DISTRICT RE-1**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)**

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

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

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

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

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>10 Year Expected Geometric Rate of Return</b>
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%.

## KIOWA COUNTY SCHOOL DISTRICT RE-1

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

#### NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

*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%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and the additional .50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop .50 percent every year until they are zero. Additionally, estimated employer contributions included for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.

**KIOWA COUNTY SCHOOL DISTRICT RE-1**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 8: DEFINED BENEFIT PENSION PLAN** (Continued)

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

- 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 determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension asset (liability)	\$ (4,152,115)	\$ (3,130,803)	\$ (2,273,323)

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

**NOTE 9: DEFINED CONTRIBUTION PENSION PLAN**

Voluntary Investment Program

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

*Funding Policy* – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2020 program members contributed \$13,773.

## KIOWA COUNTY SCHOOL DISTRICT RE-1

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

#### NOTE 10: OTHER POST-EMPLOYMENT BENEFITS

##### Health Care Trust Fund

##### **Summary of Significant Accounting Policies**

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

##### **General Information about the OPEB Plan**

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

## KIOWA COUNTY SCHOOL DISTRICT RE-1

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

#### NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (Continued)

##### **General Information about the OPEB Plan (Continued)**

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

##### *PERA Benefit Structure*

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

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

##### *DPS Benefit Structure*

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

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

**KIOWA COUNTY SCHOOL DISTRICT RE-1**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

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

**General Information about the OPEB Plan** (Continued)

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$12,562 for the year ended June 30, 2019.

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

At June 30, 2020, the District reported a liability of \$153,950 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the District's proportion was 0.01370 percent, which was a decrease of 0.00072 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District's recognized OPEB expense of \$8,490. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 525	\$ (25,882)
Net difference between projected and actual earnings on pension plan investments	\$ 2,609	\$ (5,098)
Changes of assumptions or other inputs	\$ 1,333	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 2,385	\$ (8,084)
Contributions subsequent to the measurement date	\$ 6,485	\$ -
<b>Total</b>	<b>\$ 13,337</b>	<b>\$ (39,064)</b>

**KIOWA COUNTY SCHOOL DISTRICT RE-1**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

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

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

\$6,485 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:

<b>Year Ended June 30:</b>	<b>Fiscal Year Totals</b>
2021	\$ (6,435)
2022	(6,435)
2023	(5,666)
2024	(6,719)
2025	(6,560)
2026	(397)
<b>Total</b>	<b>\$ (32,212)</b>

*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:

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

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

**KIOWA COUNTY SCHOOL DISTRICT RE-1**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

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

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

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:

<b>Medicare Plan</b>	<b>Cost for Members Without Medicare Part A</b>	<b>Premiums for Members Without Medicare Part A</b>
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:

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

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

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

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

**KIOWA COUNTY SCHOOL DISTRICT RE-1**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

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

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

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

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

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

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

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

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

## KIOWA COUNTY SCHOOL DISTRICT RE-1

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

#### NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

**KIOWA COUNTY SCHOOL DISTRICT RE-1**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

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

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

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

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

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

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

<b>Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates</b>			
	1% Decrease	Current Trend Rate	1% Increase
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Proportionate share of the net OPEB asset (liability)	\$ (150,293)	\$ (153,950)	\$ (158,176)

## KIOWA COUNTY SCHOOL DISTRICT RE-1

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

#### NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members
- assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

**KIOWA COUNTY SCHOOL DISTRICT RE-1**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

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

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

<b>Sensitivity of the Net OPEB Liability to Changes in the Discount Rate</b>			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Proportionate share of the net OPEB asset (liability)	\$ (174,072)	\$ (153,950)	\$ (136,742)

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

**NOTE 11: INTERFUND BALANCES**

The District made the following routine transfers for the year ended June 30, 2020.

	<u>Amount</u>
General Fund transfer to Food Service Fund	\$ (2,000)
General Fund transfer to Capital Reserve Fund	(75,000)
General Fund transfer to Pupil Activity Fund	(18,437)
Food Service Fund transfer from General Fund	2,000
Capital Reserve Fund transfer from General Fund	75,000
Pupil Activity transfer from General Fund	18,437
<b>Net Interfund Transfers</b>	<b>\$ -</b>

**NOTE 12: SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS**

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

**Tabor Amendment** - In November 1992, Colorado voters passed the Tabor Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limitations. Revenue received in excess of the limitations may be required to be refunded unless the District's electorate vote to retain the revenue.

In November of 1996, the voters of the District approved a ballot measure which allows the District to retain, appropriate, and utilize the full revenues received from every source whatever, without limitation, in 1996 and all subsequent years. The Tabor Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. The District has reserved the General Fund’s fund balance in the amount of \$91,000 pursuant to the Amendment’s 3% Emergency Reserve requirement.

**KIOWA COUNTY SCHOOL DISTRICT RE-1**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 13: RISK MANAGEMENT**

Property and Liability Coverage

The District belongs to the Colorado School District Self Insurance Pool (“CSDSIP”) that was formed in 1981 to give individual school districts more buying power and financial stability. By partnering with districts across the state, members gain better access to essential coverage at a competitive price, and more control over the entire risk management function. The coverage provided by CSDSIP is property, crime, general liability, auto liability and physical damage, and errors and omissions. CSDSIP became self-administered in 1997.

The board of directors is comprised of nine persons who are district school board members, superintendents, or district business officials. Each member’s premium contribution is determined by CSDSIP based on factors including, but not limited to, the aggregate CSDSIP claims, the cost of administrative and other operating expenses, the number of participants, operating and reserve fund adequacy, investment income and reinsurance expense and profit sharing. Reporting to the Division of Insurance, as well as an audit and actuarial study is conducted annually.

These reports may be obtained by contacting the CSDSIP administrative offices at 6857 South Spruce Street, Centennial, CO 80112. The District has not materially changed its coverage from previous years. The District has not recorded any liability for unpaid claims at June 30, 2020.

CSDSIP has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members.

The ultimate liability to the District resulting from claims not covered by the pool is not recently determinable. Management is of the opinion that the final outcome of such claims, of any, will not have a material adverse effect on the District’s financial statements.

Workers Compensation

The District carries commercial insurance for worker’s compensation coverage. Risk of loss transfers to the carrier.

**NOTE 14: DEFICIT NET POSITION**

The Governmental Activities has an overall deficit net position of \$1,446,461 and an unrestricted net position deficit of \$3,539,779, primarily due to the PERA net pension liability of \$3,130,803 and related net deferrals, as further described in Note 8 and the HCTF net OPEB liability of \$153,950 as discussed further in Note 10. As the District has no control over pension and OPEB benefits or contribution rates, the District expects this deficit net position to continue for the foreseeable future.

**NOTE 15: BUDGET VIOLATION**

The District’s expenditures exceeded appropriations in the Food Service Fund by \$(23,925). This may be a violation of State statutes.

**KIOWA COUNTY SCHOOL DISTRICT RE-1**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

**NOTE 16: PRIOR PERIOD RESTATEMENT**

The District has restated beginning deferred outflows and inflows related to proportion changes for the PERA pension plan. The District has restated these balances to reflect the change in proportion of plan level deferrals that had previously not been material in addition to plan level liabilities. This restatement increased beginning governmental activities net position in the amount of \$147,365.

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**REQUIRED SUPPLEMENTARY INFORMATION**  
(Pension and OPEB Schedules - Unaudited)

KIOWA COUNTY SCHOOL DISTRICT RE-1

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

<u>Fiscal Year</u>	<u>District's proportion of the net pension asset (liability)</u>	<u>District's proportionate share of the net pension asset (liability)</u>	<u>Non-employer contributing entity's total proportionate share of the net pension asset (liability)</u>	<u>Total proportionate share associated with District</u>	<u>District's covered payroll</u>	<u>District's proportionate share of the net pension asset (liability) as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
June 30, 2014	0.027079%	\$ (3,453,863)	\$ -	\$ (3,453,863)	\$ 1,091,623	316.40%	64.07%
June 30, 2015	0.026493%	\$ (3,590,677)	\$ -	\$ (3,590,677)	\$ 1,109,862	323.52%	62.84%
June 30, 2016	0.025902%	\$ (3,961,454)	\$ -	\$ (3,961,454)	\$ 1,128,782	350.95%	59.16%
June 30, 2017	0.024888%	\$ (7,410,042)	\$ -	\$ (7,410,042)	\$ 1,104,819	670.70%	43.13%
June 30, 2018	0.024914%	\$ (8,056,430)	\$ -	\$ (8,056,430)	\$ 1,149,272	701.00%	43.96%
June 30, 2019	0.022183%	\$ (3,927,933)	\$ (472,485)	\$ (4,400,418)	\$ 1,219,512	322.09%	57.01%
June 30, 2020	0.020956%	\$ (3,130,803)	\$ (352,405)	\$ (3,483,208)	\$ 1,223,571	255.87%	64.52%

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

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

See the accompanying Independent Auditors' Report.

KIOWA COUNTY SCHOOL DISTRICT RE-1

SCHEDULE OF DISTRICT'S CONTRIBUTIONS

PERA Pension Plan  
 Last 10 Fiscal Years<sup>(1)</sup>

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2014	\$ 169,529	\$ (169,529)	\$ -	\$ 1,091,623	15.53%
June 30, 2015	\$ 182,350	\$ (182,350)	\$ -	\$ 1,109,862	16.43%
June 30, 2016	\$ 195,618	\$ (195,618)	\$ -	\$ 1,128,782	17.33%
June 30, 2017	\$ 200,304	\$ (200,304)	\$ -	\$ 1,104,819	18.13%
June 30, 2018	\$ 214,109	\$ (214,109)	\$ -	\$ 1,149,272	18.63%
June 30, 2019	\$ 233,293	\$ (233,293)	\$ -	\$ 1,219,512	19.13%
June 30, 2020	\$ 237,128	\$ (237,128)	\$ -	\$ 1,223,571	19.38%

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

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

See the accompanying Independent Auditors' Report.

KIOWA COUNTY SCHOOL DISTRICT RE-1

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

Fiscal Year Ended	District's proportion of the net OPEB asset (liability)	District's proportionate share of the net OPEB asset (liability)	District's covered payroll	District's proportionate share of the net OPEB asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2017	0.014146%	\$ (183,975)	\$ 1,104,819	16.652%	16.70%
June 30, 2018	0.014156%	\$ (183,414)	\$ 1,149,272	15.959%	17.53%
June 30, 2019	0.014419%	\$ (196,176)	\$ 1,219,512	16.086%	17.03%
June 30, 2020	0.013697%	\$ (153,950)	\$ 1,223,571	12.582%	24.49%

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

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

See the accompanying Independent Auditors' Report.

**KIOWA COUNTY SCHOOL DISTRICT RE-1**

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS - OPEB**

**PERA Health Care Trust Fund**

**Last 10 Fiscal Years<sup>(1)</sup>**

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2017	\$ 11,269	\$ (11,269)	\$ -	\$ 1,104,819	1.02%
June 30, 2018	\$ 11,723	\$ (11,723)	\$ -	\$ 1,149,272	1.02%
June 30, 2019	\$ 12,439	\$ (12,439)	\$ -	\$ 1,219,512	1.02%
June 30, 2020	\$ 12,480	\$ (12,480)	\$ -	\$ 1,223,571	1.02%

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

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

See the accompanying Independent Auditors' Report.

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**REQUIRED SUPPLEMENTARY INFORMATION**  
(Budgetary Comparison Schedules)

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

	2020			
	Original & Final		Variance with Final	2019
	Budget	Actual	Budget	Actual
<b>REVENUES</b>				
<b>Local Sources</b>				
Property Taxes	\$ 477,491	\$ 495,443	\$ 17,952	\$ 467,034
Specific Ownership Taxes	77,122	90,954	13,832	82,711
Delinquent Taxes	2,200	4,199	1,999	2,320
Tuition From Individuals	4,000	5,700	1,700	-
Tuition Within the BOCES	2,500	14,175	11,675	10,700
Investment Earnings	3,900	11,612	7,712	6,407
Donations	-	87,617	87,617	25,000
Sale of Fixed Asser/ Insurance Proceeds	-	2,850	2,850	500
Instructional Materials Fees	2,300	2,450	150	2,500
Overhead Cost Revenue	-	5,233	5,233	6,922
Insurance Proceeds	-	7,605	7,605	-
Other Local	23,800	60,284	36,484	49,316
Total Local Sources	<u>593,313</u>	<u>788,122</u>	<u>194,809</u>	<u>653,410</u>
<b>Intermediate Sources</b>				
Mineral Leases	150	337	187	152
Other Intermediate Source Revenue	-	1,103	1,103	1,103
Total Intermediate Sources	<u>150</u>	<u>1,440</u>	<u>1,290</u>	<u>1,255</u>
<b>State Sources</b>				
State Share (Equalization)	1,797,565	1,850,854	53,289	1,721,291
State Transportation	30,808	30,153	(655)	31,748
State Grants from CDE				
State Share - Colorado Preschool Program (CPP)	-	603	603	-
State Gifted and Talented	5,240	-	(5,240)	-
Counselor Grant	1,000	-	(1,000)	681
READ Act	-	-	-	413
State Grants to Libraries	3,500	4,500	1,000	3,500
Small Rural Schools Additional Funding	40,000	45,832	5,832	62,591
Additional As- Risk Funding	700	1,153	453	790
Kindergarten Facility Grant	-	7,492	7,492	-
State Grants from Other Agencies				
State Vocational Education	20,000	13,722	(6,278)	26,733
State PERA Contribution	-	30,077	30,077	31,900
Other Agency State Grants	236,129	150,376	(85,753)	137,247
State Grants Provided through BOCES	10,625	20,635	10,010	12,686
Total State Sources	<u>2,145,567</u>	<u>2,155,397</u>	<u>9,830</u>	<u>2,029,580</u>
<b>Federal Sources</b>				
Federal Grants from CDE				
NCLB Title I, Part A- Imp Basic Prgms Oper by Sch	24,000	28,429	4,429	38,794
Coronavirus Relief Fund	-	23,349	23,349	-
NCLB Title II, Part A- Teacher & Principal Trng	12,000	5,812	(6,188)	5,169
ESSA, Title IV-A: Stud Supp and Acad Enrich Grants	-	-	-	10,000
Direct Federal Revenue				
NCLB, Title VI, Part B, Sub-Part I: REAP: Rural Ed	18,000	12,990	(5,010)	18,276
Federal Provided through BOCES	-	11,324	11,324	3,735
Total Federal Sources	<u>54,000</u>	<u>81,904</u>	<u>27,904</u>	<u>75,974</u>
<b>TOTAL REVENUES</b>	<u>2,793,030</u>	<u>3,026,863</u>	<u>233,833</u>	<u>2,760,219</u>

See the accompanying Independent Auditors' Report

(Continued)

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

	2020			2019 Actual
	Original & Final Budget	Actual	Variance with Final Budget	
(Continued)				
<b>EXPENDITURES</b>				
<b>Instruction</b>				
Salaries	844,396	903,497	(59,101)	852,729
Benefits	351,585	348,677	2,908	358,827
PS-Professional	9,235	5,454	3,781	6,545
PS-Property	3,690	-	3,690	-
PS-Other	24,122	5,900	18,222	31,930
Supplies	32,541	43,008	(10,467)	48,614
Property	11,770	90,111	(78,341)	43,516
Other Expenses	4,753	326	4,427	4,486
Total Instruction	<u>1,282,092</u>	<u>1,396,973</u>	<u>(114,881)</u>	<u>1,346,647</u>
<b>Supporting Services</b>				
<b>Pupil Support</b>				
Salaries	-	17,750	(17,750)	8,451
Benefits	1,800	7,026	(5,226)	2,225
PS- Professional	11,500	11,780	(280)	22,799
PS-Other	36,920	36,370	550	34,015
Supplies	1,550	801	749	6,839
Property	270	22,533	(22,263)	2,147
Total Pupil Support	<u>52,040</u>	<u>96,260</u>	<u>(44,220)</u>	<u>76,476</u>
<b>Staff Support</b>				
Salaries	31,081	33,171	(2,090)	34,497
Benefits	4,371	5,165	(794)	4,354
PS- Professional	450	-	450	31
PS- Property	675	-	675	-
PS-Other	6,725	2,088	4,637	4,871
Supplies	9,150	7,634	1,516	7,720
Property	500	943	(443)	-
Other Expenses	7,700	559	7,141	30
Total Staff Support	<u>60,652</u>	<u>49,560</u>	<u>11,092</u>	<u>51,503</u>
<b>General Administration</b>				
Salaries	70,650	48,725	21,925	72,550
Benefits	16,155	9,873	6,282	16,151
PS- Professional	13,975	8,740	5,235	12,972
PS-Other	11,393	12,588	(1,195)	10,717
Supplies	2,500	1,955	545	2,599
Property	6,450	6,443	7	5,956
Other Expenses	22,475	20,736	1,739	25,319
Total General Administration	<u>143,598</u>	<u>109,060</u>	<u>34,538</u>	<u>146,264</u>
<b>School Administration</b>				
Salaries	81,900	122,369	(40,469)	83,158
Benefits	35,883	43,096	(7,213)	33,769
PS- Professional	200	166	34	175
PS-Other	1,900	1,849	51	1,541
Supplies	4,400	3,304	1,096	4,425
Property	930	120	810	-
Other Expenses	750	37,090	(36,340)	20,845
Total School Administration	<u>125,963</u>	<u>207,994</u>	<u>(82,031)</u>	<u>143,913</u>

See the accompanying Independent Auditors' Report

(Continued)

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

	2020		Variance with Final Budget	2019 Actual
	Original & Final Budget	Actual		
(Continued)				
<b>EXPENDITURES (Continued)</b>				
<b>Supporting Services (Continued)</b>				
<b>Business Services</b>				
Salaries	48,570	51,257	(2,687)	50,900
Benefits	14,418	14,326	92	14,517
PS- Professional	10,000	9,807	193	9,345
PS-Other	300	-	300	222
Supplies	2,000	1,769	231	2,424
Property	1,350	-	1,350	-
Other Expenses	90	643	(553)	20
Total Business Services	<u>76,728</u>	<u>77,802</u>	<u>(1,074)</u>	<u>77,428</u>
<b>Operations and Maintenance</b>				
Salaries	71,343	83,254	(11,911)	82,670
Benefits	26,774	32,079	(5,305)	28,493
PS- Professional	14,400	14,821	(421)	22,163
PS- Property	17,680	17,252	428	17,458
PS-Other	46,737	43,832	2,905	29,930
Supplies	103,250	100,104	3,146	111,638
Property	3,500	3,826	(326)	15,362
Other Expenses	270	38	232	-
Total Operations and Maintenance	<u>283,954</u>	<u>295,206</u>	<u>(11,252)</u>	<u>307,714</u>
<b>Transportation</b>				
Salaries	58,259	59,397	(1,138)	71,552
Benefits	63,461	14,508	48,953	19,871
PS- Professional	-	8,648	(8,648)	-
PS- Property	14,650	2,421	12,229	15,502
PS-Other	500	2,097	(1,597)	235
Supplies	31,200	24,351	6,849	30,578
Property	450	-	450	-
Other Expenses	2,450	2,571	(121)	2,438
Total Transportation	<u>170,970</u>	<u>113,993</u>	<u>56,977</u>	<u>140,176</u>
<b>Other Central Support</b>				
Salaries	2,000	2,000	-	2,000
Benefits	887	780	107	804
Supplies	1,000	573	427	1,102
Property	-	4,127	(4,127)	-
Total Other Central Support	<u>3,887</u>	<u>7,480</u>	<u>(3,593)</u>	<u>3,906</u>
<b>Risk Management</b>				
PS-Other	<u>24,685</u>	<u>39,981</u>	<u>(15,296)</u>	<u>20,516</u>
<b>Other Supporting Services</b>				
Property	<u>6,500</u>	<u>106</u>	<u>6,394</u>	<u>1,021</u>
Total Supporting Services	<u>948,977</u>	<u>997,442</u>	<u>(48,465)</u>	<u>968,917</u>
<b>Facilities/Capital Outlay</b>				
PS- Property	7,457	-	7,457	(204)
Buildings	273,549	58,039	215,510	179,001
Total Facilities/Capital Outlay	<u>281,006</u>	<u>58,039</u>	<u>222,967</u>	<u>178,797</u>
<b>Contingency</b>	<u>1,377,400</u>	<u>-</u>	<u>1,377,400</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>3,889,475</u>	<u>2,452,454</u>	<u>1,437,021</u>	<u>2,494,361</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	(1,096,445)	574,409	1,670,854	265,858
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	(117,242)	(95,437)	21,805	(115,000)
<b>CHANGE IN FUND BALANCE</b>	(1,213,687)	478,972	1,692,659	150,858
<b>BEGINNING FUND BALANCE</b>	<u>1,213,687</u>	<u>1,178,546</u>	<u>(35,141)</u>	<u>1,027,688</u>
<b>ENDING FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 1,657,518</u>	<u>\$ 1,657,518</u>	<u>\$ 1,178,546</u>

See accompanying Independent Auditors' Report.

## SPECIAL REVENUE FUNDS

These funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are restricted to expenditures for specified purposes.

The District has two special revenue funds as follows:

### Food Service Fund

This fund accounts for all financial activities associated with the District school lunch program.

### Pupil Activity

This fund specifically accounts for the District's student club and organization activity.

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

	2020			2019 Actual
	Original & Final Budget	Actual	Variance with Final Budget	
<b>REVENUES</b>				
<b>Local Sources</b>				
Investment Earnings	\$ 25	\$ 4	\$ (21)	\$ 30
Food Service Revenue	37,385	31,829	(5,556)	42,041
Total Local Sources	37,410	31,833	(5,577)	42,071
<b>State Sources</b>				
State Grants from CDE				
State Matching Child Nutrition	700	793	93	746
Start Smart Nutrition	300	125	(175)	314
School Lunch Protection	570	473	(97)	598
Total State Sources	1,570	1,391	(179)	1,658
<b>Federal Sources</b>				
Federal Grants from CDE				
School Breakfast Program	8,500	5,765	(2,735)	9,132
National School Lunch Program	29,000	84,979	55,979	30,996
Special Milk Program for Children	650	532	(118)	686
Federal Grants from Other State Agencies				
National School Lunch Program- Commodities	5,500	7,949	2,449	5,440
Total Federal Sources	43,650	99,225	55,575	46,254
<b>TOTAL REVENUES</b>	<b>82,630</b>	<b>132,449</b>	<b>49,819</b>	<b>89,983</b>
<b>EXPENDITURES</b>				
<b>Supporting Services</b>				
<b>Food Service</b>				
Salaries	37,000	46,756	(9,756)	41,612
Benefits	19,330	21,125	(1,795)	19,900
PS-Other	750	879	(129)	979
Food	41,154	48,252	(7,098)	44,958
Commodities	9,250	14,397	(5,147)	10,130
<b>TOTAL EXPENDITURES</b>	<b>107,484</b>	<b>131,409</b>	<b>(23,925)</b>	<b>117,579</b>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	<b>(24,854)</b>	<b>1,040</b>	<b>25,894</b>	<b>(27,596)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	17,242	2,000	(15,242)	10,000
<b>CHANGE IN FUND BALANCE</b>	<b>(7,612)</b>	<b>3,040</b>	<b>10,652</b>	<b>(17,596)</b>
<b>BEGINNING FUND BALANCE</b>	<b>7,612</b>	<b>9,061</b>	<b>1,449</b>	<b>26,657</b>
<b>ENDING FUND BALANCE</b>	<b>\$ -</b>	<b>\$ 12,101</b>	<b>\$ 12,101</b>	<b>\$ 9,061</b>

See accompanying Independent Auditors' Report.

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

	2020		Variance with Final Budget	2019
	Original & Final Budget	Actual		Actual
<b>REVENUES</b>				
<b>Local Sources</b>				
Investment Earnings	\$ 150	\$ 374	\$ 224	\$ 247
Pupil Activity Revenues	87,631	117,052	29,421	127,556
<b>TOTAL REVENUES</b>	<u>87,781</u>	<u>117,426</u>	<u>29,645</u>	<u>127,803</u>
<b>EXPENDITURES</b>				
<b>Instruction</b>				
PS-Professional	27,000	11,564	15,436	11,663
Supplies	156,804	111,468	45,336	133,935
<b>TOTAL EXPENDITURES</b>	<u>183,804</u>	<u>123,032</u>	<u>60,772</u>	<u>145,598</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	(96,023)	(5,606)	90,417	(17,795)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	25,000	18,437	(6,563)	30,000
<b>CHANGE IN FUND BALANCE</b>	(71,023)	12,831	83,854	12,205
<b>BEGINNING FUND BALANCE</b>	71,023	89,698	18,675	77,493
<b>ENDING FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 102,529</u>	<u>\$ 102,529</u>	<u>\$ 89,698</u>

See accompanying Independent Auditors' Report.

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**OTHER SUPPLEMENTARY INFORMATION**

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## CAPITAL PROJECTS FUND

Capital Projects Funds (Capital Reserve Fund) – These funds are used to account for the completion of major capital projects. The capital reserve activity is funded through elective transfers from the General Fund.

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

	2020		Variance with Final Budget	2019
	Original & Final Budget	Actual		Actual
<b>Local Sources</b>				
Investment Earnings	\$ 100	\$ 94	\$ (6)	\$ 167
<b>EXPENDITURES</b>				
<b>Instruction</b>				
Property	11,702	-	11,702	-
<b>Supporting Services</b>				
<b>Operations and Maintenance</b>				
Property	93,245	15,600	77,645	32,681
<b>Facilities/Capital Outlay</b>				
Land and Improvements	26,668	10,425	16,243	9,010
<b>TOTAL EXPENDITURES</b>	<u>131,615</u>	<u>26,025</u>	<u>105,590</u>	<u>41,691</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	(131,515)	(25,931)	105,584	(41,524)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	75,000	75,000	-	75,000
<b>CHANGE IN FUND BALANCE</b>	(56,515)	49,069	105,584	33,476
<b>BEGINNING FUND BALANCE</b>	56,515	42,661	(13,854)	9,185
<b>ENDING FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 91,730</u>	<u>\$ 91,730</u>	<u>\$ 42,661</u>

See accompanying Independent Auditors' Report.

## **STATE COMPLIANCE**



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 1430 - Eads 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
	+		-	=
<b>Governmental</b>				
10 General Fund	1,178,546	2,869,552	2,390,580	1,657,518
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	61,874	61,874	0
<b>Sub- Total</b>	<b>1,178,546</b>	<b>2,931,426</b>	<b>2,452,454</b>	<b>1,657,518</b>
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main, Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	9,061	134,449	131,409	12,101
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	89,698	135,862	123,033	102,528
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	42,661	75,094	26,025	91,731
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>	<b>1,319,967</b>	<b>3,276,832</b>	<b>2,732,921</b>	<b>1,863,878</b>
<b>Proprietary</b>				
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
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FINAL



**Colorado Department of Education**  
**Bolded Balance Sheet Report**

District: 1430 - Eads RE-1  
 Fiscal Year 2019-20  
 Colorado School District/BOCES

See accompanying Independent Auditors' Report.

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)	2,012,290	0	3,713	102,528	0	0	7,851	0	91,731	0	0	0	0	0	0	2,218,112		
Cash with Fiscal Agent (8105)	41,459	0	0	0	0	0	0	0	0	0	0	0	0	0	0	41,459		
Taxes Receivable (8121,8122)	33,937	0	0	0	0	0	0	0	0	0	0	0	0	0	0	33,937		
Interfund Loans Receivable (8131,8132)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Grants Accounts Receivable (8142)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Other Receivables (8151-8154,8161)	801	0	0	0	0	0	503	0	0	0	0	0	0	0	0	1,304		
Inventories (8171,8172,8173)	0	0	0	0	0	0	5,445	0	0	0	0	0	0	0	0	5,445		
Prepaid Expenses 8181,8182)	15,795	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15,795		
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
<b>Total Assets</b>	<b>2,104,282</b>	<b>0</b>	<b>3,713</b>	<b>102,528</b>	<b>0</b>	<b>0</b>	<b>13,799</b>	<b>0</b>	<b>91,731</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,316,053</b>		

	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
<b>LIABILITIES &amp; FUND EQUITY</b>																
<b>LIABILITIES</b>																
Interfund Payables (7401,7402)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Payables (7421-7423)	47,729	0	0	0	0	0	0	0	0	0	0	0	0	0	0	47,729
Contracts Payable (7431-7433)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Expenses (7461)	155,747	0	3,713	0	0	0	0	0	0	0	0	0	0	0	0	159,459
Payroll Ded. 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	1,698	0	0	0	0	0	0	0	0	1,698
Grants Deferred Revenue (7482)	243,288	0	0	0	0	0	0	0	0	0	0	0	0	0	0	243,288
Other Current Liabilities (7491,7492,7499)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow Grants (7801)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Liabilities</b>	<b>446,764</b>	<b>0</b>	<b>3,713</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,698</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>452,175</b>

See accompanying Independent Auditors' Report.

**Governmental**

**Proprietary**

**Fiduciary**

<b>FUND EQUITY</b>	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	15,612	0	0	0	0	0	5,445	0	0	0	0	0	0	0	0	21,057
Restricted Fund Balance 6720	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TABOR 3% Emergency Reserve 6721	91,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	91,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	0	0	0	0	0	0	6,656	0	0	0	0	0	0	0	0	6,656
Assigned Fund Balance 6760	0	0	0	102,528	0	0	0	0	91,731	0	0	0	0	0	0	194,258
Unassigned Fund Balance 6770	1,550,906	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,550,906
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Fund Equity</b>	<b>1,657,518</b>	<b>0</b>	<b>0</b>	<b>102,528</b>	<b>0</b>	<b>0</b>	<b>12,101</b>	<b>0</b>	<b>91,731</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,863,878</b>

	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
<b>Total Liabilities &amp; Fund Equity</b>	<b>2,104,282</b>	<b>0</b>	<b>3,713</b>	<b>102,528</b>	<b>0</b>	<b>0</b>	<b>13,799</b>	<b>0</b>	<b>91,731</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,316,053</b>

	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
<b>For Each Fund Type: Do Assets=Liability+Fund Equity</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes