



OURAY COUNTY SCHOOL District No. R-2
FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2020

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INDEPENDENT AUDITORS' REPORT

December 18, 2020

The Board of Education
Ouray County School District No. R-2
Ridgway, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ouray County School District No. R-2 (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ouray County School District No. R-2, as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and Major Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the pension schedules, and the OPEB schedules 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ouray County School District No. R-2's basic financial statements. The combining statement and schedule for the nonmajor governmental funds, the budgetary comparison schedules, and the Auditors Integrity Report of the Colorado Department of Education (the Report) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Chadwick, Steinkirchner, Davis & Co., P.C.

Management's Discussion and Analysis

Ridgway School District R-2

June 30, 2020

As management of the Ridgway School District R-2 we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020.

Financial Highlights

The liabilities and deferred inflows of resources of the District were less than its assets and deferred outflows of resources at the close of the most recent fiscal year by \$276,076, total net position. Of this amount, \$8,016,078 is invested in capital assets (net of related debt), \$162,550 is restricted for emergencies, \$2,085,536 is restricted for debt service, leaving an unrestricted negative net position balance of (\$9,988,088).

At the end of the current fiscal year, fund balance for the general fund was \$1,822,944. This is attributable to a conservative approach in budgeting for the school district, so the fund balance is covering at least three months of operating expenditures.

During the fiscal year, the fund balance in the District's general fund increased by \$9,034.

The District's long-term obligations decreased by a net amount of \$680,370 as the result of current year payments on the debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements only have governmental activities that are principally supported by taxes and intergovernmental revenues. The governmental activities of the District include instructional services, pupil services, instructional staff services, general administration services, school administration services, maintenance and capital asset services, and transportation services. The government-wide financial statements include only the District itself, as the District has no component units. The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

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

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

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Grant Special Revenue Fund, the Capital Projects Fund, the Bond Redemption Debt Service Fund, and nonmajor governmental fund. The General, Grant, Capital Projects, and Bond Redemption funds are considered to be major funds.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11-16 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District uses an agency fund to account for resources held for student activities and groups.

Notes to the financial statements. 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 can be found on pages 18-47 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources were less than assets and deferred outflows of resources by \$276,076 at the close of the most recent fiscal year.

The District's net position in its net investment in capital assets (e.g., land and improvements, buildings, and equipment); less any related debt used to acquire those assets that is still outstanding, is \$8,016,078. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Property taxes are levied specifically to fund debt service on general obligation bonds.

Ridgway School District R-2 Net Position

	<u>Governmental Activities</u>	
	2019	2020
Current and other assets	\$4,356,775	\$4,864,572
Capital assets	<u>11,168,961</u>	<u>10,791,710</u>
Total assets	15,525,736	15,656,282
Deferred Outflows	2,840,792	993,942
Long-term liabilities outstanding	3,689,953	3,009,583
Other liabilities	575,019	896,167
Net Pension and OPEB Liabilities	<u>9,103,854</u>	<u>7,387,363</u>
Total liabilities	13,368,826	11,293,113
Deferred Inflows	6,571,725	5,081,035
Net position:		
Net investment in capital asset	7,740,342	8,016,078
Restricted	2,048,376	2,248,086
Unrestricted	<u>(11,362,741)</u>	<u>(9,988,088)</u>
Total net position	<u>\$(1,574,023)</u>	<u>\$ 276,076</u>

The largest portion of the District's assets (sixty nine percent) reflects its investment in capital assets, less accumulated depreciation. Thirty-one percent of the District's assets are cash and investments. Eight percent of the District's current liabilities represent accrued salaries and fringe benefits. This liability occurs when teachers and certain other District employees work nine months of the year, but are paid over a full twelve months. Therefore, for each month these employees work, they earn more than they are paid. Colorado statutes do not require the liability to be funded or budgeted for until the year in which it is paid.

The liability will be paid in the months of July and August 2020 with state funds received in fiscal year 2021. There was a decrease in long-term bonds outstanding of \$670,336 due to payment of debt obligations, and amortization of bond premiums.

Ridgway School District R-2 Changes in Net Position

Governmental Activities

	2019	2020
<u>Revenues:</u>		
Charges for services	\$ 300,624	\$ 291,033
Operating grants and contributions	221,183	219,605
Capital grants and contributions	129,308	109,842
Property taxes levied		
for general purposes	1,894,398	2,044,778
Property taxes levied		
for debt services	859,297	937,314
State equalization	2,379,441	2,391,015
Specific ownership taxes	295,337	316,075
Investment earnings	41,558	42,520
Miscellaneous revenue	<u>24,093</u>	<u>36,770</u>
Total revenues	6,145,239	6,388,952
<u>Expenses:</u>		
Instructional services	2,541,714	2,614,032
Support services:		
Pupils	127,528	132,621
Instructional staff	76,222	68,057
General administration	195,203	240,044
School administration	385,836	272,476
Business services	-	120,980
Operations and maintenance	416,823	355,139
Pupil transportation	215,294	216,648
Central	324,195	274,605
Interest on long-term debt	122,316	113,081
Food services	<u>147,052</u>	<u>131,170</u>
Total expenses	4,552,183	4,538,853
Change in net position	1,593,056	1,850,099
Net position - beginning	<u>(3,167,079)</u>	<u>(1,574,023)</u>
Net position-ending	<u>\$ (1,574,023)</u>	<u>\$ 276,076</u>

Key elements of the change in net position are as follows:

State equalization aid increased by **\$11,574 (half of a percent)** during the fiscal year. Property taxes levied for general purposes and for debt service increased by **\$150,380**. Some of the increase is the product of the Colorado Public School Finance Act, which provides for the majority of the funding of local school districts based on a funded pupil count formula and a standardized maximum statewide property tax mill levy.

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

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$3,975,442. *Unassigned fund balance* is \$1,658,778. Restricted fund balance of \$162,550 must be set aside for emergencies (Tabor).

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the total fund balance was \$1,822,944.

The fund balance of the District's General Fund increased by \$9,034 during the current fiscal year.

General Fund Budgetary Highlights

There was one amendment to the General Fund budget, but it was not significant, nor were any of the variances from budget to actual noteworthy. However, General Fund expenditures actually spent were under budget by \$2,192,752 due to the non-use of adopted contingency funds. District expenditures were reduced during the Covid-19 pandemic that closed the District with in person instruction from March to June, 2020.

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2020 amount to \$10,791,710 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and vehicles and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was due to addition's to land improvements offset by depreciation.

Long-term debt. At the end of the current fiscal year, the District had total outstanding bonded debt of \$2,785,000, which are general obligation bonds that are backed by the full faith and credit of the District. The general obligation bonds maintain a rating of "AAA" from Standard & Poor's. State statutes limit the amount of general obligation debt a governmental entity may issue to 20 percent of its total assessed valuation. The current debt limitation for the District is \$21,921,404 which is significantly in excess of the District's outstanding general obligation debt.

Economic Factors and Next Year's Budgets

The District's enrollment increased for 2019-2020. Trends in enrollment directly impact the school district's budget for funding. Rising inflation costs and State budget cuts will directly affect the State of Colorado's funding formula for school districts in the future.

Ever-rising costs of health insurance for our staff benefit program means the District has to be very resourceful in purchasing goods and services.

In November 2000, voters in Colorado approved Amendment 23 to the Colorado constitution providing that K-12 funding would increase at pupil growth plus inflation plus one percent for 10 years and thereafter, growth plus inflation. The amendment created a State Education Fund, which was intended to accumulate revenues to support this level of funding. This provision was intended to stabilize and remove funding from the political process.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Ridgway School District R2 Business Manager, 1115 W Clinton, Ridgway, Colorado 81432.

Ouray County School District No. R-2

STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities	Total
ASSETS		
Cash and investments	\$ 4,685,877	\$ 4,685,877
Receivables	168,494	168,494
Inventories	10,201	10,201
Capital assets (net of accumulated depreciation)	10,791,710	10,791,710
Total assets	<u>15,656,282</u>	<u>15,656,282</u>
DEFERRED OUTFLOWS OF RESOURCES		
OPEB related deferred outflows	27,070	27,070
Pension related deferred outflows	870,687	870,687
Deferred loss on debt refunding	96,185	96,185
Total deferred outflows of resources	<u>993,942</u>	<u>993,942</u>
LIABILITIES		
Accounts payable	12,724	12,724
Accrued salaries and benefits	561,758	561,758
Accrued interest payable	7,037	7,037
Unearned revenue	314,648	314,648
Noncurrent liabilities:		
Due within one year:		
General obligation bonds	685,337	685,337
Leases payable	17,333	17,333
Compensated absences	137,766	137,766
Due in more than one year:		
General obligation bonds	2,169,147	2,169,147
Net OPEB obligation	346,157	346,157
Net pension liability	7,041,206	7,041,206
Total liabilities	<u>11,293,113</u>	<u>11,293,113</u>
DEFERRED INFLOWS OF RESOURCES		
OPEB related deferred inflows	84,692	84,692
Pension related deferred inflows	4,996,343	4,996,343
Total deferred inflows of resources	<u>5,081,035</u>	<u>5,081,035</u>
NET POSITION		
Net investment in capital assets	8,016,078	8,016,078
Restricted for emergencies	162,550	162,550
Restricted for debt service	2,085,536	2,085,536
Unrestricted	(9,988,088)	(9,988,088)
Total net position	<u>\$ 276,076</u>	<u>\$ 276,076</u>

The notes to the financial statements are an integral part of this statement.

Ouray County School District No. R-2

STATEMENT OF ACTIVITIES

Year ended June 30, 2020

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental activities:						
Instructional services	\$ 2,614,032	\$ 218,309	\$ 139,056	\$ -	\$ (2,256,667)	\$ (2,256,667)
Support services:						
Pupils	132,621	-	-	-	(132,621)	(132,621)
Instructional staff	68,057	-	-	-	(68,057)	(68,057)
General administration	240,044	-	-	-	(240,044)	(240,044)
School administration	272,476	-	-	-	(272,476)	(272,476)
Business services	120,980	-	-	-	(120,980)	(120,980)
Operations and maintenance	355,139	-	-	80,528	(274,611)	(274,611)
Pupil transportation	216,648	-	2,809	-	(213,839)	(213,839)
Central	274,605	-	28,423	29,314	(216,868)	(216,868)
Food service	131,170	72,724	49,317	-	(9,129)	(9,129)
Interest on long-term debt	113,081	-	-	-	(113,081)	(113,081)
Total governmental activities	<u>\$ 4,538,853</u>	<u>\$ 291,033</u>	<u>\$ 219,605</u>	<u>\$ 109,842</u>	<u>(3,918,373)</u>	<u>(3,918,373)</u>
General revenues:						
Property taxes levied for general purposes					2,044,778	2,044,778
Property taxes levied for debt service					937,314	937,314
State equalization					2,391,015	2,391,015
Specific ownership taxes					316,075	316,075
Investment earnings					42,520	42,520
Miscellaneous revenue					36,770	36,770
Total general revenues					<u>5,768,472</u>	<u>5,768,472</u>
Change in net position					1,850,099	1,850,099
Net position - beginning					(1,574,023)	(1,574,023)
Net position - ending					<u>\$ 276,076</u>	<u>\$ 276,076</u>

The notes to the financial statements are an integral part of this statement.

Ouray County School District No. R-2

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2020

	General	Grant Fund	Capital Projects	Bond Redemption	Nonmajor Governmental	Totals Governmental Funds
ASSETS						
Cash and investments	\$ 2,283,495	\$ 277,619	\$ 32,383	\$ 2,054,325	\$ 38,055	\$ 4,685,877
Receivables	137,283	-	-	31,211	-	168,494
Inventories and deposits	-	-	-	-	10,201	10,201
Total assets	<u>\$ 2,420,778</u>	<u>\$ 277,619</u>	<u>\$ 32,383</u>	<u>\$ 2,085,536</u>	<u>\$ 48,256</u>	<u>\$ 4,864,572</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 12,724	\$ -	\$ -	\$ -	\$ -	\$ 12,724
Accrued salaries and benefits	549,697	-	-	-	12,061	561,758
Unearned revenues	35,413	279,235	-	-	-	314,648
Total liabilities	597,834	279,235	-	-	12,061	889,130
Fund balances						
Nonspendable	-	-	-	-	10,201	10,201
Restricted for TABOR reserve	162,550	-	-	-	-	162,550
Restricted for debt service	-	-	-	2,085,536	-	2,085,536
Assigned for capital projects	-	-	32,383	-	-	32,383
Assigned for food service	-	-	-	-	25,994	25,994
Unassigned	1,660,394	(1,616)	-	-	-	1,658,778
Total fund balances	<u>1,822,944</u>	<u>(1,616)</u>	<u>32,383</u>	<u>2,085,536</u>	<u>36,195</u>	<u>3,975,442</u>
Total liabilities and fund balances	<u>\$ 2,420,778</u>	<u>\$ 277,619</u>	<u>\$ 32,383</u>	<u>\$ 2,085,536</u>	<u>\$ 48,256</u>	<u>\$ 4,864,572</u>

The notes to the financial statements are an integral part of this statement.

Ouray County School District No. R-2

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

June 30, 2020

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

Total fund balance - governmental funds		\$	3,975,442
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is and the accumulated depreciation is	17,525,214 <u>(6,733,504)</u>		10,791,710
Deferred loss on the refunding is not a current financial resource and, therefore, is not reported in the funds.			96,185
Net pension obligations and the related deferred items are not financial resources and, therefore, are not recorded in the funds.			(11,166,862)
Net OPEB obligations and the related deferred items are not financial resources and, therefore, are not recorded in the funds.			(403,779)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Long-term bonds	(2,785,000)		
Bond premiums	(69,484)		
Leases payable	(17,333)		
Compensated absences	<u>(137,766)</u>		(3,009,583)
Interest accrued on long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.			<u>(7,037)</u>
Total net position - governmental activities		\$	<u><u>276,076</u></u>

The notes to the financial statements are an integral part of this statement.

Ouray County School District No. R-2

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS

Year ended June 30, 2020

	General	Grant Fund	Bond Redemption	Capital Projects	Nonmajor Governmental	Totals Governmental Funds
Revenues						
Local sources	\$ 2,618,354	\$ -	\$ 940,643	\$ -	\$ 72,723	\$ 3,631,720
State sources	2,639,756	-	-	-	1,637	2,641,393.00
Federal sources	7,285	78,631	-	-	29,923	115,839.00
Total revenues	5,265,395	78,631	940,643	-	104,283	6,388,952
Expenditures						
Current						
Instruction	2,890,790	49,317	-	-	-	2,940,107
Supporting services	2,113,700	-	-	-	-	2,113,700
Food service	-	-	-	-	175,347	175,347
Capital outlay	49,940	29,314	-	127,251	576	207,081
Debt service, interest and charges	-	-	100,066	1,744	-	101,810
Debt service principal	-	-	650,000	15,629	-	665,629
Total expenditures	5,054,430	78,631	750,066	144,624	175,923	6,203,674
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	210,965	-	190,577	(144,624)	(71,640)	185,278
Other financing sources (uses)						
Transfers in (out)	(201,931)	(1,740)	-	107,365	96,306	-
	(201,931)	(1,740)	-	107,365	96,306	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	9,034	(1,740)	190,577	(37,259)	24,666	185,278
Fund balances beginning of year	1,813,910	124	1,894,959	69,642	11,529	3,790,164
Fund balance end of year	<u>\$ 1,822,944</u>	<u>\$(1,616)</u>	<u>\$ 2,085,536</u>	<u>\$ 32,383</u>	<u>\$ 36,195</u>	<u>\$ 3,975,442</u>

The notes to the financial statements are an integral part of this statement.

Ouray County School District No. R-2

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2020

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

Net change in fund balances - total governmental funds		\$ 185,278
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (\$439,643-62,392)		(377,251)
In the governmental funds, expenditures for the defined benefit pension and OPEB plans are measured by the amount of financial resources used, whereas in the statement of activities they are measured as the liability is accrued according to actuarial estimates. This is the amount the net pension and OPEB obligations, with accompanying deferred outflows/inflows, changed in the current year.		1,393,309
Governmental funds report repayment of debt principal as an expenditure. Also, governmental funds report the effect of debt premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of long-term debt is as follows:		
Debt principal payments	665,629	
Change in accrued compensated absences	(5,595)	
Change in accrued interest payable	1,371	
Amortization of deferred loss on debt refunding	(32,978)	
Accretion on bond premium	20,336	648,763
Change in net position of governmental activities		<u>\$ 1,850,099</u>

The notes to the financial statements are an integral part of this statement.

Ouray County School District No. R-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

Year ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Current property taxes	\$ 1,975,154	\$ 2,101,180	\$ 2,044,778	\$ (56,402)
Specific ownership taxes	220,000	220,000	316,075	96,075
State equalization	2,517,790	2,386,041	2,385,945	(96)
Transportation, state	28,745	27,367	33,492	6,125
Federal sources	-	-	7,285	7,285
State sources, other	136,709	150,596	220,319	69,723
Interest income	19,000	19,000	39,191	20,191
Other local sources	222,956	237,838	218,310	(19,528)
Total revenues	5,120,354	5,142,022	5,265,395	123,373
Expenditures				
Current				
Instruction	2,821,546	2,791,328	2,890,790	(99,462)
Supporting services				
Pupils	160,592	166,923	166,060	863
Instructional staff	110,119	109,434	88,111	21,323
General administration	322,941	346,422	326,569	19,853
School administration	369,869	369,023	370,857	(1,834)
Business services	129,602	137,388	146,429	(9,041)
Operations and maintenance	502,429	504,781	459,544	45,237
Pupil transportation	219,761	222,397	240,143	(17,746)
Central support services	308,275	316,103	315,987	116
Capital outlay	42,480	46,486	49,940	(3,454)
Contingency	2,234,791	2,236,897	-	2,236,897
Total expenditures	7,222,405	7,247,182	5,054,430	2,192,752
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,102,051)	(2,105,160)	210,965	2,316,125
Other financing sources (uses)				
Transfers in (out)	(199,504)	(199,671)	(201,931)	(2,260)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(2,301,555)	(2,304,831)	9,034	2,313,865
Fund balance beginning of year	2,301,555	2,304,831	1,813,910	(490,921)
Fund balance end of year	\$ -	\$ -	\$ 1,822,944	\$ 1,822,944

The notes to the financial statements are an integral part of this statement.

Ouray County School District No. R-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GRANTS FUND

Year ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Federal sources	\$ 89,743	\$ 78,631	\$ 78,631	\$ -
Expenditures				
Current				
Instructional services	55,778	49,317	49,317	-
Capital outlay	33,915	29,314	29,314	-
Total expenses	<u>89,693</u>	<u>78,631</u>	<u>78,631</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	50	-	-	-
Other financing sources (uses)				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>(1,740)</u>	<u>(1,740)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	50	-	(1,740)	(1,740)
Fund balance beginning of year	<u>-</u>	<u>-</u>	<u>124</u>	<u>124</u>
Fund balance end of year	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ (1,616)</u>	<u>\$ (1,616)</u>

The notes to the financial statements are an integral part of this statement.

Ouray County School District No. R-2

STATEMENT OF FIDUCIARY NET POSITION
STUDENT ACTIVITIES FUND

June 30, 2020

ASSETS

Cash and investments	\$	199,908
	\$	<u>199,908</u>

LIABILITIES

Due to others	\$	<u>199,908</u>
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The notes to the financial statements are an integral part of this statement.

Ouray County School District No. R-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Ouray County School District No. R-2 (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body establishing governmental accounting and financial reporting principles.

The following is a summary of the District's significant accounting policies:

1. The Reporting Entity

The District is governed by a five member Board of Education and is organized and operates in accordance with Colorado statutes. Board of Education members are elected by the citizens of Ouray County, residing within the District's boundaries. The Board is not appointed by any other governing body. The Board selects the superintendent of schools and senior level administrators. The Board is solely responsible for the District's budget adoption process. The District independently issues debt for short and long-term financing. The District meets the criteria of a primary government: its Board is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent. The District is not included in any other governmental reporting entity, and has no component units.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Ouray County School District No. R-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Capital Projects Fund* accounts for ongoing capital needs, such as site acquisition, building additions, and equipment purchases.

The *Grant Fund* accounts for revenue and expenditures of funds as proscribed by various federal, state and local grantors as awarded to the District.

Additionally, the District reports the following governmental fund and fund type:

The *Food Service Fund* accounts for the activities of the nutrition services operations.

The *Student Body Activities Agency Fund* is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations or budgetary accounting. However, the Colorado State Auditor's Office has determined that an annual budget and appropriation be adopted by the Board of Education.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund activity is not eliminated in the fund financial statements.

Ouray County School District No. R-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Amounts reported as *program revenues* include 1) charges to students and customers for tuition, fees, rental or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

4. Assets, Liabilities and Net Assets or Equity

Cash and Investments

State statutes authorize the government and the District to invest in obligations of the U.S. Treasury, obligations unconditionally guaranteed by U.S. agencies, certain international agency securities, certain types of bonds of U.S. local government entities, bankers acceptances of certain banks, commercial paper, written repurchase agreements collateralized by certain authorized securities, certain money market funds and guaranteed investment contracts.

Investments for the District are reported at fair value.

Receivables and Payables

Interfund receivables and payables result from overdraws of the cash and investment pool. These outstanding balances between funds are reported as “due to/from other funds.”

Inventories

Inventories of expendable supplies and materials are valued at cost using the first-in, first-out basis. Inventory items are charged to expenditures when they are consumed. United States Department of Agriculture commodity inventories are valued using Federal guidelines.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Ouray County School District No. R-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	15 - 40
Vehicles	10
Equipment	4 - 25

Future Compensated Absences

When a staff member accumulates leave days beyond the annual numbers set by the Board, they are deemed to be vested in the leave program. The number of days required to be vested was 35 days for the 2019/2020 school year. Staff members may accumulate up to 60 leave days. Once a staff member accumulates 60 days, the staff member will receive payment annually for the number of days over 60.

Upon resignation or retirement a vested employee will be paid 100% of the substitute wage or the lowest rate for each classification paid per day for each day accumulated, not to exceed 60 days. This payment will be made by July 1 of the year the vested employee resigns or retires.

Long-term obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

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

5. Stewardship, compliance and accountability

Budgetary Information

Annual budgets are adopted for all funds on a basis consistent with GAAP, with the exception that the accrual for salaries and benefits in the Grants fund is not budgeted. In June, the Board of Education adopts the budget for the following fiscal year. In accordance with Colorado statutes, the Board makes final changes, if any, when it “readopts” the budget by January 31. The Board may amend or adopt supplemental budgets during the budget year. There was one supplemental appropriation during the current year.

Ouray County School District No. R-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Budgeted level of expenditures

Expenditures may not legally exceed appropriations at the fund level. Administrative control is maintained through the use of detailed line-item budgets. Budgets must be amended at the fund level by the Board of Education. At year-end, all appropriations lapse in accordance with Colorado statutes. The District did not have any funds that exceeded their appropriations.

6. 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. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

7. Other Post-Employment Benefit Plan (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.

Ouray County School District No. R-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE B – CASH AND INVESTMENTS

Cash and investments consist of the following:

Demand accounts	\$ 2,795,557
Certificate of deposit	36,191
ColoTrust	<u>2,054,037</u>
Total cash and investments	<u>\$ 4,885,785</u>

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

The District's bank balance for deposits was \$2,898,090 of which \$500,000 was FDIC insured and the remainder of \$2,398,090 was covered by PDPA as described above.

The District is invested in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado pursuant to Part 7 of article 75 of the Colorado Revised Statutes. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safe keeping and depository services in connection with the direct investments and withdrawal functions, substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained by the custodial bank. The pool carried a rating of AAAM from Standard & Poor's.

NOTE C – PROPERTY TAXES

Property Tax Calendar

The District's property taxes certified by the Board of Education by December 15 and levied on assessed valuation by the Ouray County Commissioners by December 22, are due and payable in the subsequent calendar year. Assessed values are established by the county assessor. Property taxes attach as an enforceable lien on property as of January 1 of the year in which payable. The taxes are payable under two methods: 1) in full on or before April 30; 2) one-half on or before February 28 and the remaining on-half on or before June 15. The Ouray County Treasurer collects all property taxes. District taxes are received by the 10th of the month following the month of collection, except for the months of March, May and June, when two payments are received.

Ouray County School District No. R-2
NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE D – CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 554,431	\$ —	\$ —	\$ 554,431
Total capital assets, not being depreciated	554,431	—	—	554,431
Capital assets, being depreciated:				
Buildings and building improvements	16,060,789	—	—	16,060,789
Equipment	201,812	—	—	201,812
Transportation equipment	645,790	62,392	—	708,182
Total capital assets being depreciated	16,908,391	62,392	—	16,970,783
Less accumulated depreciation for:				
Buildings and building improvements	5,680,485	392,559	—	6,073,044
Equipment	157,816	7,304	—	165,120
Transportation equipment	455,560	39,780	—	495,340
Total accumulated depreciation	6,293,861	439,643	—	6,733,504
Total capital assets being depreciated, net	10,614,530	(377,251)	—	10,237,279
Governmental activities capital assets, net	\$ 11,168,961	\$ (377,251)	\$ —	\$ 10,791,710

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

Governmental activities:	
Instructional services	\$ 377,433
Pupil services	10,630
Instructional staff services	472
General administration services	140
Operations and maintenance services	8,962
Food Service	1,781
Pupil transportation services	40,225
Total depreciation expense governmental activities	\$ 439,643

Ouray County School District No. R-2
NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE E – LONG-TERM LIABILITIES

The following is a summary of long-term liabilities transactions of the District for the year ended June 30, 2020:

	<u>Balance</u> <u>6/30/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/20</u>	<u>Due within</u> <u>one year</u>
General obligation bond 2008	\$ 645,000	\$ –	\$ 115,000	\$ 530,000	\$ 120,000
Bond premium, 2008 bonds	20,422	–	4,624	15,798	4,624
General obligation bond 2012	2,790,000	–	535,000	2,255,000	545,000
Bond premium, 2012 bonds	69,398	–	15,712	53,686	15,713
Lease-purchase agreements	32,962	–	15,629	17,333	17,333
Accrued compensated absences	<u>132,171</u>	<u>5,595</u>	<u>–</u>	<u>137,766</u>	<u>137,766</u>
	<u>\$3,689,953</u>	<u>\$ 5,595</u>	<u>\$ 685,965</u>	<u>\$3,009,583</u>	<u>\$ 840,436</u>

General Obligation Bonds

General Obligation Refunding Bonds, Series 2012

On March 22, 2012 the District issued General Obligation Refunding Bonds, Series 2012 in the principal amount of \$5,470,000. The Bonds were issued to refund a portion of the District's outstanding General Obligation Bonds, Series 2004. Bond payments require interest to be paid semi-annually on June 1 and December 1 with an annual principal payment due December 1. Interest rates vary from 2.00% to 2.50%.

General Obligation Bonds, Series 2008

In January 2009, the District issued general obligation bonds in the amount of \$2,200,000 in order to finance the costs of constructing, equipping, and improving: (i) a regulation gymnasium and locker rooms, (ii) a performing arts studio/music classroom, and (iii) a climbing wall and weight training facility to District buildings. Bond payments require interest to be paid semi-annually on June 1 and December 1 with an annual principal payment due December 1. Interest rates vary from 3.00% to 5.50%.

Debt service requirements for general obligation bonds are as follows:

<u>General Obligation Refunding Bonds, Series 2012</u>			
<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 545,000	\$ 49,563	\$ 594,563
2022	555,000	35,813	590,813
2023	570,000	21,751	591,751
2024	585,000	7,313	592,313
Total	<u>\$ 2,255,000</u>	<u>\$ 114,440</u>	<u>\$ 2,369,440</u>

Ouray County School District No. R-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE E – LONG-TERM LIABILITIES – CONTINUED

General Obligation Refunding Bonds, Series 2008			
<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 120,000	\$ 25,069	\$ 145,069
2022	125,000	18,788	143,788
2023	135,000	11,878	146,878
2024	150,000	4,125	154,125
Total	<u>\$ 530,000</u>	<u>\$ 59,860</u>	<u>\$ 589,860</u>

In March 2014 the District entered into a lease agreement for the purchase of a 2015 Blue Bird Bus. The agreement called for 7 annual payments of \$17,373. Total cost of the bus was \$108,410 plus interest of \$13,203. Debt service requirements to maturity for this lease-purchase agreement are as follows:

2015 Blue Bird Bus #25			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 17,333	\$ 40	\$ 17,373
Total	<u>\$ 17,333</u>	<u>\$ 40</u>	<u>\$ 17,373</u>

Voluntary Exit Program

In the 1997-98 fiscal year, revised in fiscal year 2010, the District established a voluntary exit program to provide an opportunity to certain employees who may desire to exit from the service of the District, but who may or may not have reached the normal retirement age. During fiscal year 2020 no employees opted for the program.

Accrued Compensated Absences

At June 30, 2020 the District reported a liability for discretionary leave days for employees in the amount of \$137,766.

NOTE F – FUND BALANCES

GASB Statement No. 54 clearly defines fund balance categories by providing fund balance classifications which can be more consistently applied and by clarifying the existing governmental fund type definitions. The following classifications describe these categories:

- *Non-spendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Ouray County School District No. R-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE F – FUND BALANCES – CONTINUED

- *Committed fund balance* - The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the School Board, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the School Board.
- *Assigned fund balance* - The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the School Board or other individuals authorized to assign funds to be used for a specific purpose. Assigned fund balances in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum intended to be used for the purpose of that particular fund.
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the above criteria. The District will only report a positive unassigned fund balance in the General Fund.

If both restricted and unrestricted amounts of fund balance are available for use when an expenditure is incurred, it is District policy to use restricted amounts first. Unrestricted fund balance will be used in the following order: committed, assigned, and unassigned. Per District policy, the Board shall protect the future fiscal health of the District by maintaining a reserve fund balance in the General Fund of no less than 25% of expenditures.

NOTE G – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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

Ouray County School District No. R-2
NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED

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.

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

Ouray County School District No. R-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED

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

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

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

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

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

As specified in C.R.S. § 24-51-413, 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.

Ouray County School District No. R-2
 NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED

Subsequent to the SCHDTF’s December 31, 2019, measurement date, HB 20-1379 *Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year*, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, \$225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$561,837 for the year ended June 30, 2020.

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

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

At June 30, 2020, the District reported a liability of \$7,041,206 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:

The District proportionate share of the net pension liability	\$7,041,206
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	\$792,561
Total	\$7,833,767

At December 31, 2019, the District proportion was 0.047131 percent, which was a decrease of .0018375 from its proportion measured as of December 31, 2018.

Ouray County School District No. R-2
 NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED

For the year ended June 30, 2020, the District recognized negative pension expense of \$(848,825) and additional expense of \$28,250 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$383,750	\$ -
Changes of assumptions or other inputs	201,016	3,193,824
Net difference between projected and actual earnings on pension plan investments	-	834,101
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	968,418
Contributions subsequent to the measurement date	285,921	N/A
Total	870,687	4,996,343

\$285,921 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2020:	
2021	(2,412,840)
2022	(1,669,750)
2023	(45,251)
2024	(283,736)
2025	-
Thereafter	-

Ouray County School District No. R-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED

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

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

¹ For 2019, the annual increase was 0.00 percent.

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

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

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

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

Ouray County School District No. R-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State provided an annual direct distribution of \$225 million which commenced July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

Ouray County School District No. R-2
NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the SCHDTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount 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 liability	9,338,146	7,041,206	5,112,724

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE H – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

General Information about the OPEB Plan

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

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

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

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

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE H – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

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

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

PERA Benefit Structure

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

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

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.

Ouray County School District No. R-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE H – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from District were \$29,570 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$346,157 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 proportion was 0.030797 percent, which was a decrease of .00103 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$18,673. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Ouray County School District No. R-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE H – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	1,149	58,167
Changes of assumptions or other inputs	2,872	–
Net difference between projected and actual earnings on OPEB plan investments	–	5,778
Changes in proportion and differences between contributions recognized and proportionate share of contributions	8,001	20,748
Contributions subsequent to the measurement date	15,048	N/A
Total	27,070	84,692

\$15,048 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30, 2020:	
2021	\$ (15,558)
2022	(15,557)
2023	(13,884)
2024	(13,377)
2025	(13,482)
Thereafter	(812)

Ouray County School District No. R-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE H – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

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

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

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

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

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

Ouray County School District No. R-2
NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE H – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

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

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

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

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

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

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

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

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

Ouray County School District No. R-2
NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE H – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

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

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

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

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

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

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

Ouray County School District No. R-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE H – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

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

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

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

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

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

Ouray County School District No. R-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE H – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$337,934	\$346,157	\$355,659

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 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Ouray County School District No. R-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE H – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$391,400	\$346,157	\$307,464

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

NOTE I – DEFINED CONTRIBUTION PENSION PLAN

Plan Description. Employees of the District who are members of SCHDTF may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy. The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS. The contribution requirements for the District are established under Title 24, Article 51, Section 1402 of the CRS, as amended. The District made no contributions for the years ended June 30, 2018, 2019 and 2020.

Ouray County School District No. R-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE J – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the District's participation as a member of the Colorado School District Self Insurance Pool, which operates as a risk-sharing public entity risk pool comprised of various school districts and other related public educational entities within the State of Colorado. The Pool provides the District with general, property and vehicle liability insurance. In the event of the impairment or insolvency of the Pool, the District may be assessed such amounts as may be necessary to ensure the solvency of the Pool.

NOTE K – TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment. However, the District has made certain interpretations of the Amendment's language in order to determine its compliance. In a general election held on November 2, 1999, voters approved a ballot issue which allows the District to exceed the revenue limitations for the year ended June 30, 1999 and into the future.

NOTE L – COMMITMENTS AND CONTINGENCIES

Grants - The District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the District's independent auditors and other governmental auditors. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. Based on prior experience, the District administration believes such disallowance, if any, would be immaterial.

Litigation - The District is not party to any litigation. Management believes that any potential claims against the District, not covered by insurance, would not materially affect the financial statements of the District.

NOTE M – INTERFUND TRANSFERS AND DUE FROM/TO

The General Fund transferred \$107,365 to the Capital Projects Fund to provide funding of budgeted projects, \$96,306 to the Food Service Fund to subsidize operations, and \$1,704 from the Grant Fund to the General Fund related to timing of salary and withholding expenditures.

Ouray County School District No. R-2
NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE N – JOINT VENTURE

The District is a member of the Uncompahgre Board of Cooperative Services (BOCS), a joint venture of several local school districts. The BOCS is governed by a board formed of one board member from each member district. The participants oversee budgeting and finance. The following was extracted from the BOCS fund financial statements of June 30, 2020, and for the year then ended.

Total assets	\$ 418,163
Total liabilities	198,918
Total fund equity	219,245
Total revenues	1,398,021
Total expenditures	1,395,578
Excess of revenues over (under) expenditures	2,443

The District had no debt with the joint venture at June 30, 2020.

Ouray County School District No. R-2

SCHEDULE OF ACTIVITY - NET PENSION LIABILITY

June 30, 2020

<u>Measurement date:</u>	<u>Employer proportion of NPL</u>	<u>Employer proportionate share of NPL</u>	<u>Nonemployer contributing entity proportionate share of NPL associated with employer</u>	<u>Total of employer and nonemployer proportionate share of NPL</u>	<u>Covered payroll</u>	<u>Employer proportionate share of NPL as a percentage of covered payroll</u>	<u>Pension plan's fiduciary net position as a percentage of total pension liability</u>
December 31, 2014	0.061023%	\$ 8,270,610	\$ -	\$ 8,270,610	\$ 2,366,180	350%	63%
December 31, 2015	0.055251%	8,450,258	-	8,450,258	2,417,128	350%	59%
December 31, 2016	0.056855%	16,927,884	-	16,927,884	2,551,745	663%	43%
December 31, 2017	0.054417%	17,596,600	-	17,596,600	2,508,483	701%	44%
December 31, 2018	0.048968%	8,670,801	1,042,996	9,713,797	2,649,145	327%	57%
December 31, 2019	0.047131%	7,041,206	792,561	7,833,767	2,808,005	251%	65%

Ouray County School District No. R-2

SCHEDULE OF ACTIVITY - EMPLOYER PENSION CONTRIBUTIONS

June 30, 2020

	<u>Required employer contribution</u>	<u>Employer contributions recognized by the plan</u>	<u>Difference</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2015	\$ 395,575	\$ 395,575	\$ -	\$ 2,352,454	16.82%
June 30, 2016	445,890	445,890	-	2,513,222	17.74%
June 30, 2017	458,579	458,579	-	2,495,209	18.38%
June 30, 2018	493,988	493,988	-	2,615,436	18.89%
June 30, 2019	514,011	514,011	-	2,686,932	19.13%
June 30, 2020	561,837	561,837	-	2,899,050	19.38%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1: Factors that Significantly Affect Trends in the Amounts Reported

For the measurement period ended December 31, 2019, there were no changes in benefit terms, size or composition of the population covered by the benefit terms, or assumptions used that significantly affect trends in the amounts reported.

Note 2: Subsequent Event

Subsequent to December 31, 2019, as a result of the COVID-19 pandemic, the global economic outlook has changed. The duration and full effects of the pandemic are currently unknown, as the global picture continues to evolve. Although unprecedented federal fiscal and monetary stimulus have helped to stabilize and soften the impact of economic contraction, the near-term negative impact on PERA's investment portfolio, as well as the short-medium term impact on the Trust Fund's membership and demographics, remains uncertain.

BB 20-1379: Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year, passed during the 2020 legislative session and signed by Governor Polis on June 29, 2020, suspends the July 1, 2020, \$225 million (in actual dollars) direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

Ouray County School District No. R-2

SCHEDULE OF ACTIVITY - NET OPEB LIABILITY

June 30, 2020

	Employer proportion of NOPEBL	Employer proportionate share of NOPEBL	Covered payroll	Employer proportionate share of NOPEBL as a percentage of covered payroll	OPEB plan's fiduciary net position as a percentage of total OPEB liability
<u>Measurement date:</u>					
December 31, 2017	0.03092%	\$ 401,834	\$ 2,508,483	16%	18%
December 31, 2018	0.03183%	433,053	2,649,145	16%	17%
December 31, 2019	0.03080%	346,157	2,808,005	12%	24%

Ouray County School District No. R-2

SCHEDULE OF ACTIVITY - EMPLOYER OPEB CONTRIBUTIONS

June 30, 2020

	Required employer contribution	Employer contributions recognized by the plan	Difference	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2018	\$ 26,677	\$ 26,677	\$ -	\$ 2,615,436	1.02%
June 30, 2019	27,407	27,407	-	2,686,932	1.02%
June 30, 2020	29,570	29,570	-	2,899,050	1.02%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1: Factors that Significantly Affect Trends in the Amounts Reported

There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or assumptions used that significantly affect trends in the amounts reported.

Note 2: Subsequent Event

Subsequent to December 31, 2019, as a result of the COVID-19 pandemic, the global economic outlook has changed. The duration and full effects of the pandemic are currently unknown, as the global picture continues to evolve. Although unprecedented federal fiscal and monetary stimulus have helped to stabilize and soften the impact of economic contraction, the near-term negative impact on PERA's investment portfolio, as well the short-medium term impact on the Trust Fund's membership and demographics, remains uncertain.

SUPPLEMENTARY INFORMATION

Ouray County School District No. R-2

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2020

		<u>Special Revenue</u>	
		Food Service Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents		\$ 38,055	\$ 38,055
Inventories		10,201	10,201
	Total assets	<u>\$ 48,256</u>	<u>\$ 48,256</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accrued salaries and benefits		\$ 12,061	\$ 12,061
	Total liabilities	12,061	12,061
Fund balances			
Nonspendable		10,201	10,201
Assigned		25,994	25,994
	Total fund balances	<u>36,195</u>	<u>36,195</u>
	Total liabilities and fund balances	<u>\$ 48,256</u>	<u>\$ 48,256</u>

Ouray County School District No. R-2

COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

Year ended June 30, 2020

	Special Revenue	Total
	Food Service Fund	Nonmajor Governmental Funds
Revenues		
Local sources	\$ 72,723	\$ 72,723
State sources	1,637	1,637
Federal sources	29,923	29,923
Total revenues	<u>104,283</u>	<u>104,283</u>
Expenditures		
Current		
Food service	175,347	175,347
Capital outlay	576	576
Total expenditures	<u>175,923</u>	<u>175,923</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(71,640)	(71,640)
Other financing sources (uses)		
Transfers in (out)	96,306	96,306
	<u>96,306</u>	<u>96,306</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	24,666	24,666
Fund balances beginning of year	<u>11,529</u>	<u>11,529</u>
Fund balance end of year	<u>\$ 36,195</u>	<u>\$ 36,195</u>

Ouray County School District No. R-2

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FOOD SERVICE FUND

Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Local sources	\$ 72,896	\$ 72,896	\$ 72,723	\$ (173)
State sources	1,275	1,275	1,637	362
Federal sources	24,000	24,000	29,923	5,923
Total revenues	<u>98,171</u>	<u>98,171</u>	<u>104,283</u>	<u>6,112</u>
Expenditures				
Food service	<u>190,310</u>	<u>190,477</u>	<u>175,923</u>	<u>14,554</u>
Total expenses	<u>190,310</u>	<u>190,477</u>	<u>175,923</u>	<u>14,554</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	(92,139)	(92,306)	(71,640)	20,666
Other financing sources (uses)				
Transfers in	<u>92,139</u>	<u>92,306</u>	<u>96,306</u>	<u>4,000</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES				
	-	-	24,666	24,666
Fund balance beginning of year	<u>-</u>	<u>-</u>	<u>11,529</u>	<u>11,529</u>
Fund balance end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,195</u>	<u>\$ 36,195</u>

Ouray County School District No. R-2

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

Year ended June 30, 2020

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
State sources	\$ -	\$ -	\$ -
Total revenues	-	-	-
Expenditures			
Capital outlay	152,757	127,251	25,506
Debt service principal	17,000	15,629	1,371
Debt service interest	-	1,744	(1,744)
Total expenditures	169,757	144,624	25,133
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(169,757)	(144,624)	25,133
Other financing sources (uses)			
Transfers in	107,365	107,365	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(62,392)	(37,259)	25,133
Fund balance beginning of year	62,392	69,642	7,250
Fund balance end of year	\$ -	\$ 32,383	\$ 32,383

Ouray County School District No. R-2

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BOND REDEMPTION DEBT SERVICE FUND

Year ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 793,725	\$ 750,000	\$ 937,314	\$ 187,314
Interest income	3,000	3,000	3,329	329
Total revenues	<u>796,725</u>	<u>753,000</u>	<u>940,643</u>	<u>187,643</u>
Expenditures				
Debt service principal	650,000	659,780	650,000	9,780
Interest and fiscal charges	93,220	93,220	100,066	(6,846)
Total expenditures	<u>743,220</u>	<u>753,000</u>	<u>750,066</u>	<u>2,934</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	53,505	-	190,577	190,577
Fund balance beginning of year	-	-	1,894,959	1,894,959
Fund balance end of year	<u>\$ 53,505</u>	<u>\$ -</u>	<u>\$ 2,085,536</u>	<u>\$ 2,085,536</u>

Ouray County School District No. R-2

SCHEDULE OF REVENUES AND EXPENDITURES
STUDENT ACTIVITIES FUND - BUDGET AND ACTUAL

Year ended June 30, 2020

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Local sources	\$ 250,000	\$ 158,955	\$ (91,045)
Expenditures			
Student activities	250,000	171,134	78,866
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ (12,179)</u>	<u>\$ (12,179)</u>



Colorado Department of Education

Auditors Integrity Report

District: 2590 - Ridgway R-2

Fiscal Year 2019-20

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	1,813,822	5,063,553	5,054,410	1,822,944
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	1,813,822	5,063,553	5,054,430	1,822,944
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const. Tech. Maint. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec. Revenue Fund	11,529	203,588	175,924	36,194
22 Govt Designated-Purpose Grants Fund	124	76,891	78,611	-1,616
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	1,894,958	940,644	750,066	2,085,536
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	69,642	107,365	144,624	32,384
46 Supplemental Cap Const. Tech. Maint. Fund	0	0	0	0
Totals:	3,790,076	6,389,040	6,203,674	3,975,441
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	212,087	158,955	171,135	199,908
79 GASB 34 Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	212,087	158,955	171,135	199,908

FINAL