



**STEAMBOAT SPRINGS SCHOOL DISTRICT RE-2**  
**FINANCIAL STATEMENTS AND REPORT OF**  
**INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**June 30, 2020**

## CONTENTS

	Page
<b><i>INDEPENDENT AUDITORS' REPORT</i></b> .....	1
<b><i>MANAGEMENT'S DISCUSSION AND ANALYSIS</i></b> .....	3
<b><i>BASIC FINANCIAL STATEMENTS</i></b>	
District-Wide Financial Statements	
Statement of Net Position .....	11
Statement of Activities .....	12
Fund Financial Statements	
Balance Sheet – Governmental Funds .....	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	16
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund .....	17
Statement of Fund Net Position – Proprietary Fund .....	18
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund .....	19
Statement of Cash Flows – Proprietary Fund .....	20
Statement of Fiduciary Fund Net Position .....	21
Notes to the Financial Statements .....	22
<b><i>REQUIRED SUPPLEMENTARY INFORMATION</i></b>	
Pension Schedules .....	58
OPEB Schedules .....	60
<b><i>SUPPLEMENTARY INFORMATION</i></b>	
Balance Sheet – Nonmajor Governmental Funds .....	62
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds .....	63
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Food Service Fund .....	64
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Building Fund .....	65
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Projects Fund .....	66
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Supplemental Capital Projects Fund .....	67
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund .....	68
Schedule of Revenues, Expenditures, and Changes in Fund Net Position – Budget and Actual – Insurance Internal Service Fund .....	69
Schedule of Changes in Assets and Liabilities – Fiduciary Fund .....	70
Auditor's Integrity Report – CDE	



INDEPENDENT AUDITORS' REPORT

November 24, 2020

The Board of Education  
Steamboat Springs School District RE-2  
Steamboat Springs, Colorado

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Steamboat Springs School District RE-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.



Steamboat Springs School District RE-2  
Page Two

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Steamboat Springs School District RE-2, as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof, and the budgetary comparison for the General 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, pension schedules, and 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 District's basic financial statements. The combining statement and schedule for the nonmajor governmental funds, the budgetary comparison schedules, the schedule of changes in assets and liabilities of the agency fund, and the Auditor's 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 relates 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.*

**Steamboat Springs School District RE-2  
Management's Discussion and Analysis  
As of and for the fiscal year ended June 30, 2020**

As management of the Steamboat Springs School District RE-2, Routt County, Colorado (the District), we offer readers of the District's Annual Financial Report this narrative and analysis of the financial activities of the primary government for the fiscal year ended June 30, 2020.

**Financial Highlights**

- The assets and deferred outflows of the District were less than its liabilities at the close of the most recent fiscal year by (\$26,647,569) (*net position* for the primary reporting entity excluding the charter school). Of this amount, (\$155,801,433) (*unrestricted net position*) may be used to meet the District's ongoing obligations to citizens and creditors. These negative net positions are strongly impacted by the Net Pension and OPEB Obligations, which illustrates the District's share of PERA's unfunded liabilities. Net Pension and OPEB Obligations decreased by \$8,551,279.
- The District's total net position increased by \$14,055,344. The increase is primarily due to: 1) a reduction of Net Pension Liability, the reduction of the Net OPEB Liability, the change in pension related inflows and outflows. This is the combined result of the State of Colorado committing to \$225 million contribution into PERA and the PERA discount percentage being changed; and 2) an increase of Capital Assets.
- The District's long-term obligations increased by \$84,757,188 as a result of OPEB, Net Pension Liability, and debt incurred from the January 2020 Bond sale.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$112,584,306, an increase of \$95,754,825 in comparison with the prior year. Most of the increase, \$93,979,919 was from the Building Fund (created by the January 2020 Bond Sale). The General Fund's unassigned fund balance is \$6,529,111 and the restricted fund balance is \$1,163,137.

**Overview of the Financial Statements**

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements presented on pages 11-57 are comprised of three components: 1) District-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**District-wide Financial Statements**

The *district-wide financial statements* are designed to provide the reader of the District's financial statements a broad overview of the financial activities in a manner similar to a private sector business. The district-wide financial statements include the statement of net position and the statement of activities.

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

The *statement of activities* presents information showing how the net position of the District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flow may be recorded in a future period.

The district-wide financial statements consolidate governmental activities that are supported from taxes and intergovernmental revenues. Governmental activities consolidate governmental funds including the general fund, debt service, capital projects, and special revenue funds, as well as the internal service insurance fund.

The district-wide financial statements also include information on component units that are legally separate from the District (known as the *primary government*). At the close of the current fiscal year, the District has included information for one *component unit*, the North Routt Community Charter School.

Financial information for the Charter School is presented separately from the primary government because the Charter School is financially accountable to the District and provides services to the District's students.

The district-wide financial statements can be found on pages 11-12.

### **Fund Financial Statements**

Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Since the *governmental funds* and the *governmental activities* report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The District maintains six different governmental funds. The major funds are the general fund, the building fund, and the debt service fund. They are presented separately in the fund financial statements with the remaining governmental funds in a single column presentation labeled Non-major Governmental Funds.

The District adopts an annual appropriated budget for each of the governmental funds. A budgetary comparison schedule for the general fund is included in the fund financial statements to demonstrate compliance with the adopted budget.

The governmental fund financial statements can be found on pages 13-17.

**Proprietary funds.** The District maintains one type of proprietary funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses an internal service fund to account for revenues and expenses associated with health insurance claims and premiums.

The proprietary fund financial statements are presented on pages 18-20.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the primary government. Fiduciary funds are *not* reflected in the district-wide financial statement because the resources of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statement is presented on page 21.

## **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 22-57 of this report.

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains certain *supplementary information* concerning the budget to actual comparison for all of the District's funds, except the general fund. Required supplementary information can be found on pages 58-61 and fund statements can be found on pages 62-70 of this report.

## **District-wide Financial Analysis**

### **District-wide Net position**

The assets of the District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenditures are current assets. These assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the result of the property tax collection process; the District receives approximately 90% of the annual property tax assessment in March through June.

Capital assets are used in the operations of the District. These assets are land, buildings, equipment, and vehicles. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Deferred outflows of resources represent a consumption of net position that applies to a future period, and so will not be recognized as an outflow of resources until then.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenue, interest payable, estimates for claims and premiums, and current debt obligations. The liquidation of current liabilities is anticipated to be either from current available resources, current assets or new resources that become available during fiscal 2021. Long-term liabilities such as long-term debt obligations, early retirement benefits and compensated absences will be liquidated from resources that will become available after fiscal 2020.

The assets and deferred outflows of the primary government activities are less than liabilities and deferred inflows by (\$26,647,569) with an unrestricted net position balance of (\$155,801,433). Total net position of the primary government does not include internal balances.

A net investment of \$25,076,036 in land, buildings, equipment, and vehicles provide the services to the District's 2,554 public school students. Net position of \$7,824,549 accumulated due to voter approved bonded debt mill levy assessments have been restricted to provide resources to liquidate the current general obligation bond principal and related interest payments. The legally required TABOR, \$1,056,761 and multiple year commitment, \$106,376, reserves are restricted.

Business-type activities are no longer applicable as the Food Service Fund moved from business-type to governmental fund.

The following table shows net position for fiscal years 2020, 2019, and 2018.

**Steamboat Springs School District  
Condensed Statement of Net Position**

	Governmental Activities		
	6/30/2020	6/30/2019	6/30/2018
<b>Assets:</b>			
Current Assets	\$122,677,264	\$22,167,030	\$34,511,090
Capital Assets net of depreciation	\$65,882,578	\$58,163,026	\$53,819,905
<b>Total assets</b>	<b>\$188,559,842</b>	<b>\$80,330,056</b>	<b>\$88,330,995</b>
<b>Deferred outflows</b>	<b>\$5,809,959</b>	<b>\$16,379,199</b>	<b>\$31,565,618</b>
<b>Liabilities:</b>			
Current liabilities	\$14,937,773	\$5,755,301	\$9,092,257
Noncurrent liabilities	\$176,349,852	\$91,597,179	\$150,861,668
<b>Total liabilities</b>	<b>\$191,287,625</b>	<b>\$97,352,480</b>	<b>\$159,953,925</b>
<b>Deferred Inflows</b>	<b>\$29,729,745</b>	<b>\$40,059,687</b>	<b>\$7,015,721</b>
<b>Net position:</b>			
Net investment in capital assets	\$25,076,036	\$20,327,342	\$20,916,467
Restricted	\$104,077,828	\$8,016,667	\$6,856,298
Unrestricted	(\$155,801,433)	(\$69,046,922)	(\$74,845,799)
<b>Total net position</b>	<b>(\$26,647,569)</b>	<b>(\$40,702,913)</b>	<b>(\$47,073,034)</b>

**District-wide Activities**

- District-wide activities increased the net position of the District by \$14,055,344 during the year ended June 30, 2020. The cause of this increase is due to the decrease in PERA pension liability and capital asset growth.

The following table shows the change in net position for fiscal years 2020, 2019, and 2018.

Steamboat Springs School District			
Condensed Statement of Changes in Net Position			
Governmental			
Activities			
	6/30/2020	6/30/2019	6/30/2018
<b>Revenues</b>			
<b>Program Revenues:</b>			
Charges for services	\$1,557,959	\$1,671,843	\$1,729,099
Operating grants and contributions	\$5,859,749	\$5,565,111	\$5,068,940
Capital grants and contributions	\$702,837	\$734,891	
<b>General Revenues:</b>			
Property taxes	\$22,881,082	\$18,379,771	\$18,387,626
Specific ownership taxes	\$1,476,315	\$1,148,076	\$1,538,114
Investment earnings	\$688,029	\$382,517	\$276,362
State equalization aid	\$11,770,652	\$10,653,047	\$9,444,725
Other revenues	\$113,279	\$115,447	\$20,317
<b>Total Revenues</b>	<b>\$45,049,902</b>	<b>\$38,650,703</b>	<b>\$36,465,183</b>
<b>Expenses</b>			
<b>Governmental activities</b>			
Instruction	\$15,673,407	\$15,001,721	\$28,306,407
Pupil support services	\$1,216,678	\$2,046,158	\$4,114,989
Instructional staff	\$1,608,032	\$1,868,555	\$2,710,502
General administration	\$1,434,150	\$649,540	\$1,419,542
School administration	\$1,245,466	\$1,380,477	\$3,180,166
Business services	\$376,333	\$401,936	\$891,329
Plant maintenance and operations	\$3,812,610	\$7,030,515	\$3,157,861
Transportation	\$909,483	\$1,065,858	\$1,717,687
Central support	\$1,939,756	\$1,031,796	\$1,747,287
Community services	\$0	\$0	\$2,525
Interest expenses	\$2,199,954	\$1,160,966	\$1,043,382
Food services	\$578,689	\$643,061	\$1,099,320
<b>Total expenses</b>	<b>\$30,994,558</b>	<b>\$32,280,583</b>	<b>\$49,390,997</b>
Excess before transfers and other	\$14,055,344	\$6,370,120	(\$12,925,814)
<b>Transfers</b>			
Proceeds of note receivable	\$0	\$0	\$0
Gain (loss) on sale of capital assets	\$0	\$0	\$0
<b>Change in net position</b>	<b>\$14,055,344</b>	<b>\$6,370,120</b>	<b>(\$12,925,814)</b>
<b>Beginning net position</b>	<b>(\$40,702,913)</b>	<b>(\$47,073,032)</b>	<b>(\$31,699,163)</b>
<b>Change in Accounting Principle</b>			<b>(\$2,448,055)</b>
<b>Ending net position</b>	<b>(\$26,647,569)</b>	<b>(\$40,702,913)</b>	<b>(\$47,073,032)</b>

### Financial Analysis of the District's Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

The governmental funds of the District provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. Unreserved fund balance, in particular, measures the District's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the District. Student funded pupil count (FPC) increased by 71.8 FTE, 1.03%, 2,673.8 from 2,602, students during the fiscal year. Student per pupil funding (PPF) was increased by \$356, 4.6%, \$8,464 from \$8,108. These two variables increased funding by \$1,534,113.34 from the state's School Finance Act funding. The School Finance Act dictates that local property tax, a portion of specific ownership tax collected locally, and state equalization fund Total Program (FPC \* PPF) of \$22,623,034. The split was Local property tax 40.7%, Specific ownership 3.1%, and State 56.2%. Also, new in FY20, was the passage of 4A in the November 2019 election that provided \$1.2Million to support staff wage and benefits.

The bond redemption debt service fund has adequate resources accumulated to make the December 2020 principal and interest payments. The mill levy to accumulate resources for the June 2021 interest payments will be certified in December 2020.

The building fund was the result of passing the January 2020 \$79.5 million bond. The Bond proceeds go into this fund and pay for the November 2019 projects. Barring any unforeseen circumstances, all of the money should be spent by June 30, 2022, and the fund will be closed.

The new fund created in 2018, supplemental capital projects was the result of passing the November 2017 1.146 mills Mill Levy Override. The purpose of this fund is to fund future capital construction, new instructional technology, existing technology upgrades and maintenance needs of the district.

The capital reserves fund is contracting resources to fund future capital improvements and acquisitions. Fund balance in this fund decreased by \$544,914 during the current year mostly due to the purchase of land.

#### **Financial Analysis of the District's Proprietary Fund**

The District uses an internal service fund to account for revenues and expenses associated with health insurance claims and premiums. This fund was set up July 1, 2012 when the district went to a self-funded insurance model. Medical, prescription, dental, vision, and administrative costs are funded through premiums from the district and employees. The fund's fund balance increased by \$489,049 to \$695,387. The fund balance is 15.0% of FY20's operating expenses. The ideal minimum for this fund would be more in the 15-20% range. The risk of this fund having a low fund balance is that the General Fund is ultimately responsible to meet any shortfall in the fund's annual performance. This occurred in FY17 when the General Fund subsidized the Health fund \$500,000. This fund's expenses are very volatile and hard to accurately budget.

#### **General Fund Budgetary Highlights**

Differences between the final budget and actual can be briefly summarized as follows:

- Actual revenues, post transfers were \$32,893, or .1%, lower than budgeted.
  - Property tax revenue was slightly lower by \$135,747, or 1%, due to actual collections.
  - Specific Ownership was \$151,290 or 1.8%, higher than budget.
  - Other State was \$6,918, or .4%, higher than budget.
  - Net Allocations to other Funds: 1) Capital Reserve was equal to budget 2) Food Service was \$25,000 higher than budget,
- Actual expenditures, negating the Contingency budgeted, were \$458,455, or 1.3%, lower than budget.
  - Wage expense was \$256,070, or 1.3%, lower than expected.
  - Benefits expense was \$ 95,752, or 1.3%, lower than expected.
  - Purchased Services expense was \$157,442, or 4.8%, lower than expected. The largest variances were snow removal, Maintenance items, and professional services.
  - Supplies expense was \$37,898, or 1.3%, lower than budget.
- Net Fund Balance change increased \$125,561. The General Fund's January revised budget was a \$300,000 deficit budget. The increase in fund balance change came from reduced labor and purchases services due to COVID.

## Capital Assets and Debt Administration

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2020 increased to \$65,882,578 (net of accumulated depreciation). Capital assets include land, buildings, construction in progress, vehicles, and equipment. Capital assets increased by 13.0% in governmental activities.

### Steamboat Springs School District RE-2 Capital Assets (net of accumulated depreciation) June 30, 2020

	Governmental Activities
Land & C.I.P.	\$ 9,790,245
Buildings	54,471,979
Equipment	<u>1,620,354</u>
	<u>\$ 65,882,578</u>

Additional information on the District's capital assets can be found in note D on page 33 of this report.

At June 30, 2020, the District had total bonded debt outstanding of \$109,045,000 backed by the full faith and credit of the District. The District also had \$2,210,000 in certificates of participation, also backed by the full faith and credit of the District.

The District maintains an "Aa2" rating from Moody's for all general obligation debt, and an "AAA" rating from Standard & Poor's for the 2006 and 2007 bonds.

State statutes limit the amount of general obligation debt to 20% of Assessed Valuation. Assessed Valuation in December 2019 was \$979,515,341. Legal debt limit is \$195,903,068, which is significantly in excess of the District's outstanding general obligation debt.

Additional information on the District's long-term obligations can be found in note E on pages 34-37.

## **Economic Factors and Next Year's Budgets and Rates**

### **Budget**

The current budget process is to examine each program. Increases for cost of living, step and education level, are granted when funding is adequate to accommodate increases, and District provided benefit cost increases for all approved staffing. This concept assumes existing staffing ratios are level and non-compensation budgets are continued to the next year unless specifically identified to change in the budget development process.

### **School Report Cards**

The State issues school report cards for every public school in the state. The report card gives each school a performance grade based on the state tests given to all students third through tenth grades. Eleventh graders are required to take the Scholastic Aptitude Test (SAT). The District was accredited with distinction for the 2010, 2011, 2012, 2013, 2014, 2016, 2017, 2018, 2019 years.

### **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. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Mark Rydberg, Director of Finance and Operations,  
Steamboat Springs School District RE-2  
325 7<sup>th</sup> Street  
Steamboat Springs, CO 80477

Complete financial statements for the Charter School may be obtained at the School's offices.

Steamboat Springs School District RE-2  
STATEMENT OF NET POSITION  
June 30, 2020

	Governmental Activities	Component Unit
		Charter School
<b>ASSETS</b>		
Cash and investments	\$ 121,023,965	\$ 294,288
Property taxes receivable (net)	1,312,624	-
Due from other governments	267,988	118,057
Due from primary government	-	72,529
Due from fiduciary fund	67,508	-
Inventories and prepaid expenses	5,179	-
Capital assets, net of accumulated depreciation	65,882,578	3,854,630
Total Assets	188,559,842	4,339,504
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunded debt	571,288	-
Deferred outflows related to pension	5,122,600	209,385
Deferred outflows related to OPEB	116,071	14,432
Total Deferred Outflows of Resources	5,809,959	223,817
<b>LIABILITIES</b>		
Accounts payable and other accrued liabilities	3,694,454	19,624
Accrued compensation	4,767,454	110,478
Accrued interest	422,065	-
Claims payable	299,115	-
Due to component unit	72,529	-
Unearned revenues	1,167,156	-
Noncurrent liabilities		
Due within one year		
Bonds/Notes	4,515,000	-
Due in more than one year		
Bonds/Notes	131,952,971	-
Net OPEB obligation	2,082,322	73,182
Net pension obligation	42,314,559	1,497,948
Total Liabilities	191,287,625	1,701,232
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pension	29,277,319	919,522
Deferred inflows related to OPEB	452,426	15,893
Total Deferred Inflows of Resources	29,729,745	935,415
<b>NET POSITION</b>		
Net investment in capital assets	25,076,036	3,854,630
Restricted for:		
Debt service	7,824,549	-
TABOR	1,056,761	-
Multiple year commitments	106,376	-
Construction	95,090,142	72,800
Unrestricted	(155,801,433)	(2,000,756)
Total Net Position	\$ (26,647,569)	\$ 1,926,674

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

Steamboat Springs School District RE-2  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Charter School
<b>Governmental activities:</b>						
Instruction	\$ 15,673,407	\$ 940,836	\$ 4,712,033	\$ 46,095	\$ (9,974,443)	\$ -
Pupil support services	1,216,678	-	549,573	-	(667,105)	-
Instructional staff	1,608,032	-	28,379	-	(1,579,653)	-
General administration	1,434,150	-	11,276	-	(1,422,874)	-
School administration	1,245,466	47,032	24,929	-	(1,173,505)	-
Business services	376,333	-	6,738	-	(369,595)	-
Operations and maintenance	3,812,610	137,931	34,029	656,742	(2,983,908)	-
Transportation	909,483	106,934	184,503	-	(618,046)	-
Central support	1,939,756	-	25,966	-	(1,913,790)	-
Food service	578,689	325,226	282,323	-	28,860	-
Interest on long-term debt	2,199,954	-	-	-	(2,199,954)	-
<b>Total governmental activities</b>	<b>\$ 30,994,558</b>	<b>\$ 1,557,959</b>	<b>\$ 5,859,749</b>	<b>\$ 702,837</b>	<b>(22,874,013)</b>	<b>-</b>
<b>Component units:</b>						
Charter school	\$ 1,233,759	\$ 78,578	\$ 230,642	\$ 27,606	-	(896,933)
<b>Total component unit</b>	<b>\$ 1,233,759</b>	<b>\$ 78,578</b>	<b>\$ 230,642</b>	<b>\$ 27,606</b>	<b>-</b>	<b>(896,933)</b>
<b>General revenues:</b>						
Property taxes, levied for general purposes					12,963,253	-
Property taxes, levied for capital projects					1,107,867	-
Property taxes, levied for debt service					8,809,962	-
Specific ownership taxes					1,476,315	-
State aid – equalization					11,770,652	1,157,146
Other State aid					4,482	-
Federal aid					108,797	-
Investment earnings					688,029	6,644
<b>Total general revenues</b>					<b>36,929,357</b>	<b>1,163,790</b>
Change in net position					14,055,344	266,857
Net position - beginning					(40,702,913)	1,659,817
<b>Net position - ending</b>					<b>\$ (26,647,569)</b>	<b>\$ 1,926,674</b>

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

Steamboat Springs School District RE-2  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2020

	General Fund	Debt Service Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 47,299	\$ -	\$ 14,990	\$ 2,097,219	\$ 2,159,508
Investments	12,161,812	7,534,680	98,222,933	-	117,919,425
Property taxes receivable	812,494	443,289	-	56,841	1,312,624
Due from other governments	263,844	-	-	4,145	267,989
Due from other funds	-	-	-	44,237	44,237
Inventory	-	-	-	3,335	3,335
Prepaid items	1,844	-	-	-	1,844
Total Assets	<u>\$ 13,287,293</u>	<u>\$ 7,977,969</u>	<u>\$ 98,237,923</u>	<u>\$ 2,205,777</u>	<u>\$ 121,708,962</u>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable/accrued liabilities	\$ 449,961	\$ -	\$ 3,147,781	\$ 78,672	\$ 3,676,414
Accrued compensation	3,692,261	-	-	72,714	3,764,975
Due to other funds	116,766	-	-	-	116,766
Unearned revenues	1,107,732	-	-	59,424	1,167,156
Total Liabilities	<u>5,366,720</u>	<u>-</u>	<u>3,147,781</u>	<u>210,810</u>	<u>8,725,311</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable property taxes	226,481	153,420	-	19,444	399,345
<b>FUND BALANCES</b>					
Nonspendable	1,844	-	-	3,335	5,179
Restricted					
Emergencies	1,056,761	-	-	-	1,056,761
Debt service	-	7,824,549	-	-	7,824,549
Capital projects	-	-	95,090,142	-	95,090,142
Multiple year commitments	106,376	-	-	-	106,376
Assigned					
Other capital projects	-	-	-	1,923,735	1,923,735
Food service	-	-	-	48,453	48,453
Unassigned	6,529,111	-	-	-	6,529,111
Total fund balances	<u>7,694,092</u>	<u>7,824,549</u>	<u>95,090,142</u>	<u>1,975,523</u>	<u>112,584,306</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 13,287,293</u>	<u>\$ 7,977,969</u>	<u>\$ 98,237,923</u>	<u>\$ 2,205,777</u>	<u>\$ 121,708,962</u>

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

Steamboat Springs School District RE-2  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
June 30, 2020

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**Total fund balances – governmental funds** \$ 112,584,306

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$103,544,610 and the accumulated depreciation is \$37,662,032. 65,882,578

Deferred charge on refunded debt is not a financial resource and therefore is not reported as an asset in the governmental funds 571,288

Internal service funds are used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 695,387

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore, are deferred in the funds. 399,342

Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds and COPs payable	(111,255,000)	
Accrued interest payable	(422,065)	
Compensated absences	(663,474)	
Special termination benefits payable	(339,005)	
Premium on bonds	(25,212,971)	
Net pension obligation	(42,314,559)	
Net OPEB obligation	(2,082,322)	
Deferred inflows related to pension	(29,277,319)	
Deferred inflows related to OPEB	(452,426)	
Deferred outflows related to pension	5,122,600	
Deferred outflows related to OPEB	116,071	<u>(206,780,470)</u>

**Total net position – governmental activities** \$ (26,647,569)

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

Steamboat Springs School District RE-2  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2020

	Debt			Nonmajor	Total
	General Fund	Service Fund	Building Fund	Governmental Funds	Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 12,958,824	\$ 8,762,626	\$ -	\$ 1,116,952	\$ 22,838,402
Specific ownership taxes	1,476,315	-	-	-	1,476,315
Federal sources	463,071	-	-	274,245	737,316
State sources					
Equalization	11,770,652	-	-	-	11,770,652
Transportation	171,008	-	-	-	171,008
Other State	1,518,354	-	22,556	235,732	1,776,642
Mineral leases	4,482	-	-	-	4,482
Local and intermediate sources	4,369,904	-	-	507,387	4,877,291
Interest	108,041	64,702	478,902	25,628	677,273
Total revenues	<u>32,840,651</u>	<u>8,827,328</u>	<u>501,458</u>	<u>2,159,944</u>	<u>44,329,381</u>
<b>EXPENDITURES</b>					
Current					
Instruction services	19,011,887	-	-	-	19,011,887
Supporting services					
Pupil support services	1,723,589	-	-	-	1,723,589
Instructional staff	2,192,490	-	-	-	2,192,490
General administration	871,169	-	-	-	871,169
School administration	1,925,971	-	-	-	1,925,971
Business services	520,549	-	-	-	520,549
Operations and maintenance	2,628,998	-	-	-	2,628,998
Transportation	1,042,622	-	-	-	1,042,622
Central support	2,006,085	-	-	-	2,006,085
Food services	-	-	-	735,418	735,418
Capital outlay	-	-	9,176,972	2,446,984	11,623,956
Debt service					
Principal	125,000	4,200,000	-	-	4,325,000
Interest	78,186	2,618,192	-	-	2,696,378
Issuance costs	-	-	527,782	-	527,782
Total expenditures	<u>32,126,546</u>	<u>6,818,192</u>	<u>9,704,754</u>	<u>3,182,402</u>	<u>51,831,894</u>
Excess of revenues over (under) expenditures	714,105	2,009,136	(9,203,296)	(1,022,458)	(7,502,513)
<b>OTHER FINANCING SOURCES (USES)</b>					
Insurance proceeds	11,456	-	-	62,667	74,123
Debt issuance proceeds	-	-	79,500,000	-	79,500,000
Debt premium proceeds	-	-	23,683,215	-	23,683,215
Transfers in	-	-	-	600,000	600,000
Transfers out	(600,000)	-	-	-	(600,000)
Total other financing sources (uses)	<u>(588,544)</u>	<u>-</u>	<u>103,183,215</u>	<u>662,667</u>	<u>103,257,338</u>
Net change in fund balances	125,561	2,009,136	93,979,919	(359,791)	95,754,825
Fund balances, beginning of year	7,568,531	5,815,413	1,110,223	2,335,314	16,829,481
Fund balances, end of year	<u>\$ 7,694,092</u>	<u>\$ 7,824,549</u>	<u>\$ 95,090,142</u>	<u>\$ 1,975,523</u>	<u>\$ 112,584,306</u>

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

Steamboat Springs School District RE-2  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2020

**Change in fund balances – governmental funds** \$ 95,754,825

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

Capital outlays are reported in governmental funds as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense	(2,337,906)	
Capital outlays	10,057,458	7,719,552

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 4,325,000

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds. Deferred tax revenues decreased by this amount this year. 42,679

Repayment of long-term note receivable principal is a revenue in the governmental funds, but the repayment reduces long-term receivables in the statement of net position. (30,000)

In the statement of activities, certain operating expenses – compensated absences and special termination benefits – are measured by the amounts *earned* during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This year, vacation time earned was less than the amounts used by \$54,998. Special termination benefits earned were more than the amounts paid by \$58,000. (112,998)

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 liabilities and related deferred inflows and outflows (increased) decreased in the current year. 8,554,028

Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. 797,216

Internal service funds are used by management to charge the costs of health insurance to individual funds. The net revenue (loss) of certain activities of internal service funds is reported with governmental activities 489,049

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. (103,183,215)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. (300,792)

**Change in net position of governmental activities** \$ 14,055,344

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

Steamboat Springs School District RE-2  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 11,801,239	\$ 13,094,571	\$ 12,958,824	\$ (135,747)
Specific ownership taxes	1,500,000	1,450,000	1,476,315	26,315
Federal sources	309,000	311,781	463,071	151,290
State sources				
Equalization	11,696,665	11,758,592	11,770,652	12,060
Transportation	152,000	164,585	171,008	6,423
Other State	1,046,179	1,525,272	1,518,354	(6,918)
County sources, mineral leases	4,000	4,482	4,482	-
Local and intermediate sources	4,250,917	4,425,717	4,369,904	(55,813)
Interest	150,000	125,000	108,041	(16,959)
Total revenues	<u>30,910,000</u>	<u>32,860,000</u>	<u>32,840,651</u>	<u>(19,349)</u>
<b>EXPENDITURES</b>				
Current				
Instruction services	17,795,160	19,772,272	19,011,887	760,385
Supporting services				
Pupil support services	1,681,162	1,815,640	1,723,589	92,051
Instructional staff	1,873,708	1,847,305	2,192,490	(345,185)
General administration	672,027	731,871	871,169	(139,298)
School administration	1,963,468	1,983,407	1,925,971	57,436
Business services	508,639	512,959	520,549	(7,590)
Operations and maintenance	2,501,815	2,595,472	2,628,998	(33,526)
Transportation	1,131,128	1,175,724	1,042,622	133,102
Central support	2,029,524	1,946,981	2,006,085	(59,104)
Debt service				
Principal	125,000	125,000	125,000	-
Interest on COPs	78,369	78,369	78,186	183
Contingency	7,568,531	7,268,531	-	7,268,531
Total expenditures	<u>37,928,531</u>	<u>39,853,531</u>	<u>32,126,546</u>	<u>7,726,985</u>
Excess of revenues over (under) expenditures	(7,018,531)	(6,993,531)	714,105	7,707,636
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance claims	-	-	11,456	11,456
Transfers in (out), net	(550,000)	(575,000)	(600,000)	(25,000)
Total other financing sources (uses)	<u>(550,000)</u>	<u>(575,000)</u>	<u>(588,544)</u>	<u>(13,544)</u>
Net change in fund balances	(7,568,531)	(7,568,531)	125,561	7,694,092
Fund balance, beginning of year	7,568,531	7,568,531	7,568,531	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,694,092</u>	<u>\$ 7,694,092</u>

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

STATEMENT OF FUND NET POSITION  
 PROPRIETARY FUND  
 June 30, 2020

	Governmental Activities - Internal Service Fund
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 945,032
Due from other funds	67,508
Total assets	1,012,540
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts payable	18,038
Claims payable	299,115
Total liabilities	317,153
<b>NET POSITION</b>	
Unrestricted	695,387
Total net position	\$ 695,387

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

Steamboat Springs School District RE-2  
 STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN FUND NET POSITION  
 PROPRIETARY FUND  
 For the Year Ended June 30, 2020

	Governmental Activities - Internal Service Fund
<b>Operating revenues</b>	
Fees	\$ 5,060,617
Total operating revenues	5,060,617
<b>Operating expenses</b>	
Insurance claims	3,336,435
Administration fees	1,245,889
Total operating expenses	4,582,324
<b>Operating income (loss)</b>	478,293
<b>Nonoperating revenue (expense)</b>	
Interest income	10,756
Change in net position	489,049
Total net position, beginning	206,338
Total net position, ending	\$ 695,387

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

Steamboat Springs School District RE-2  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For the Year Ended June 30, 2020

	Governmental Activities - Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from user charges	\$ 5,060,617
Cash payments to suppliers for goods and services	(4,631,586)
Net cash provided (used) by operating activities	429,031
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income	10,756
Net cash provided (used) by investing activities	10,756
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Change in due to/from other funds	(67,508)
Net cash provided (used) by noncapital financing activities	(67,508)
Net increase (decrease) in cash and cash equivalents	372,279
Cash and cash equivalents at beginning of year	572,753
Cash and cash equivalents at end of year	\$ 945,032
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
<b>Operating income (loss)</b>	\$ 478,293
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets and liabilities	
Accounts payable	15,696
Claims payable	(64,958)
Net cash provided (used) by operating activities	\$ 429,031

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

Steamboat Springs School District RE-2  
STATEMENT OF FIDUCIARY FUND NET POSITION  
June 30, 2020

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 66,608
Cash held by others	188,717
Investments	363,813
Total assets	<u>\$ 619,138</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 3,765
Due to other funds	67,508
Due to student groups	547,865
Total liabilities	<u>\$ 619,138</u>

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

Steamboat Springs School District RE-2  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Steamboat Springs School District RE-2 (District) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

1. Reporting Entity

In conformance with GASB, Steamboat Springs School District RE-2, Routt County, Steamboat Springs, Colorado, is the reporting entity for financial report purposes. The District is the primary government financially accountable for all activities of public school instruction within the geographical area organized as Steamboat Springs School District RE-2. The District meets the criteria of a primary government: its Board of Education 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.

The financial statements of the District include all funds that are controlled by or are fiscally dependent upon the Board of Education. Control by or dependence on the Board of Education is determined on the basis of budget adoption, taxing authority, outstanding debt which may be secured by general obligation of the District, and the responsibility of the District to finance debt or make subsidies to funds.

Discretely Presented Component Unit: On June 25, 2001, the Steamboat Springs School District Board of Education entered into a contract with the North Routt Community Charter School (Charter School), establishing the school in north Routt County. The Charter School is considered a legally separate entity and a public school subject to the provision of the Colorado Revised Statutes Title 22, Article 7, Part 6. The District is required by State Statute to pass through to the Charter School 95% of the District's per pupil operating revenue. The Charter School is presented as a governmental fund type. Complete financial statements for the Charter School may be obtained at the entity's administrative offices.

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 nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Steamboat Springs School District RE-2  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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*.

Separate financial statements are provided for governmental funds, internal service funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

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. The Education Fund Board collects sales taxes and remits to the District upon grant approval. Sales taxes collected by the Education Fund Board are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.

Steamboat Springs School District RE-2  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

The *debt service fund* accounts for and reports the financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The *building fund* accounts for and reports the financial resources that are restricted, committed, or assigned to expenditure for the use of projects approved by the Series 2018 General Obligation Bonds proceeds.

The District reports the following major proprietary fund:

The *insurance fund* internal service fund is used to account for revenues and expenditures associated with health insurance claims and premiums.

Additionally, the District reports the follow fund type:

*Fiduciary fund*, the pupil activity fund, is used to account for revenues and expenditures associated with class and club activities.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary fund is charges for health insurance premiums. Operating expenses for the proprietary fund include the cost of services, administrative expenses, and payments of health insurance claims. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

4. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity

***Deposits and Investments***

For the purposes of the statement of cash flows, cash and cash equivalents includes all cash and investments as held by the proprietary fund with original maturities of three months or less from the date of acquisition.

Investments in securities are stated at fair value.

***Receivables and Payables***

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Steamboat Springs School District RE-2  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Property taxes are levied by the Board of Education. The levy is based on assessed valuations determined by the County Assessor generally as of January 1st of each year. The levy is set by December 15th by certification to the County Commissioners to put the tax lien on the individual properties as of December of each year.

The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30th or, if in equal installments, at the taxpayer's election on February 28th and June 15th. Delinquent taxpayers are notified in August and tax sales of the liens on delinquent properties are held in November. The County Treasurer remits the taxes collected monthly to the District.

Property tax revenues are recognized when they become both measurable and available to finance expenditures of the current period. Property taxes receivable are recognized or collected in advance of the period for which they are levied, they are recorded as deferred revenue and recognized as revenue in the period for which they are levied.

***Inventories***

Inventories are held by the Food Service Fund and are valued at cost using the first-in/first-out (FIFO) method. The District utilizes the purchase method of accounting for inventory. The Federal government donates surplus commodities to supplement the National School Lunch and Breakfast Programs. Such commodities are recorded as non-operating revenues when received.

***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 District as assets with an initial, individual cost of more than \$5,000 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 acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the component unit, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building	50
Building improvements	25
Vehicles	10
Office equipment	10
Computer equipment	5

Steamboat Springs School District RE-2  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*Compensated Absences and Retirement Liability*

Each employee of the District may accumulate unlimited sick leave, payable upon termination to the employee after a minimum of seven years of service, at one-half the daily substitute base pay. The District accrues a liability in the appropriate funds for compensated absences, which meet the following criteria:

- The District's obligation relating to employee rights to receive compensation for future absences is attributable to employee services already rendered.
- The obligation relates to rights that vest or accumulate.
- Payment of the compensation is probable.
- The amount can be reasonably estimated.

Each employee who has been employed by the District for 18 or more years is eligible to participate in a retirement plan. Amounts are payable upon retirement or may be split over the last three years of employment if the employee chooses to work an additional 10 days per year.

*Accrued Salaries*

Salaries and benefits to teachers and certain other employees are paid over a twelve-month period from September 1, to August 30, but are earned over a school year of approximately nine months. The salaries and benefits earned, but unpaid, at June 30, 2020, are reflected in the financial statements as an accrued liability.

*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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond 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.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other deferred outflows relate to the recording of the net pension and OPEB liabilities.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has items, one of which arises only under a modified accrual basis of accounting and the others which relate to the recording of net pension and OPEB liabilities that qualify for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resource in the period that the amounts become available.

***Fund Equity***

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

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

Steamboat Springs School District RE-2  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Steamboat Springs School District's Comprehensive Fund Balance Policy:**

Order of Fund Balance Spending Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

5. Jointly Governed Organization

Northwest Colorado Board of Cooperative Educational Services - The District is one of six school districts, which are members of the Northwest Colorado Board of Cooperative Educational Services (BOCES). The BOCES is a regional education service unit created under the "Board of Cooperative Services Act of 1965" of the Colorado Revised Statutes. The BOCES provides unique education services that the member districts could not provide individually on a cost-effective basis. A board made up of representatives from each member district's board governs the BOCES. The governing board is autonomous as to budgeting and fiscal matters. The BOCES is not fiscally dependent upon the District and is considered a jointly governed organization.

6. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year-end. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year.

Budgets are required by Colorado State Statute for all funds. During April, the Finance Director submits to the Superintendent of Schools and the Board of Education a proposed budget for all funds for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the Board of Education to obtain taxpayer comments. Prior to June 30, the budget is adopted by formal resolution.

Formal budgetary integration is employed as a management control device during the year for the Governmental and Internal Service funds. The appropriated budget is prepared by fund. The District's department heads may not make transfers of appropriations. The legal level of control is the fund level.

Steamboat Springs School District RE-2  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and the reallocation of budget line items within any department within any fund rests with the Finance Director. Revisions that alter the total expenditures of any fund must be approved by the Board of Education. Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances and reserves as established by the Board of Education. Variances between budget and actual result from the non-expenditure of reserves, nonoccurrence of anticipated events, scheduling of capital projects, and normal operating variances.

The Board of Education may authorize supplemental appropriations during the year. Supplemental appropriations were necessary during the fiscal year ended June 30, 2020.

7. 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.

8. 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.

Steamboat Springs School District RE-2  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

9. Estimates

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenditures/expenses. Actual results could differ from these estimates. The District believes the techniques and assumptions used in establishing these estimates are appropriate.

**NOTE B - DEPOSITS AND INVESTMENTS**

*Deposits*

Custodial Credit Risk – Deposits. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by the PDPA. The 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 of the uninsured public deposits as a group. The State Regulatory Commission for banks and savings and loan associations is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Federal Deposit Insurance Corporation (FDIC) coverage for government accounts is \$250,000 per official custodian. At June 30, 2020, the District's cash deposits, had a book balance of \$14,040,645, and a corresponding bank balance of \$14,366,069. The difference between the book and bank balances is due to outstanding checks and deposits not yet processed by the banks. \$250,000 of the bank balance was covered by federal deposit insurance. The remainder of \$14,116,069 was covered under PDPA as explained above. At June 30, 2020, \$188,717 was held by a third party in the District's name. This balance was covered by federal deposit insurance.

The carrying amount of the North Routt Community Charter School's deposits at June 30, 2020 was \$293,988 and bank balances were \$314,789. \$250,000 of the bank balances at June 30, 2020 were covered by federal deposit insurance. The remainder of \$64,789 was covered under PDPA as explained above.

*Investments* - Colorado statutes specify investment instruments meeting defined rating and risk criteria, in which local governments may invest, which include the following:

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

Steamboat Springs School District RE-2  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2020

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**NOTE B - DEPOSITS AND INVESTMENTS – CONTINUED**

State statutes do not address custodial risk.

At June 30, 2020, the District’s deposits, classified as investments, are as follows:

<u>Investments</u>	<u>Maturities</u>	<u>Total Fair Value</u>
Cash in trust – COLOTRUST	Less than 1 year	\$ 98,222,933
Cash in trust – UMB	Less than 1 year	7,534,680
COLOTRUST	Less than 1 year	<u>1,652,765</u>
	Total	<u>\$107,410,378</u>

Interest Rate Risk – Colorado Revised Statute 24-75-601 limits investment maturities to five year or less, as a means of managing exposure to fair value loss resulting from increasing interest rates.

Credit Risk – State law limits investments for school districts to U.S. treasury issues, other federally backed notes and credits, and other agency offerings. Other investment instruments including bank obligations, general obligation bonds, and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agencies. State law further limits investments in money market funds to those institutions with over \$1 billion in assets or the highest credit rating from one or more nationally recognized rating agencies. As of June 30, 2020, the local government investment pool in which the District participates, COLOTRUST, was rated AAAM by Standard and Poor’s.

Concentration Risk – At June 30, 2020, the District’s investment in COLOTRUST represented 93% of the total investments and UMB represented 7%. State statutes do not limit the amount the District may invest in a single issuer.

Local government investment pools – The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles and GASB Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. COLOTRUST operates like a 2a-7 external investment pool and investments in the pool are valued at \$1 net asset value (NAV) per share. The underlying investments held by COLOTRUST are valued at fair value.

The following table is a reconciliation of the primary government’s cash and investments on the statement of net position.

Cash	\$ 14,232,725
Investments	<u>107,410,378</u>
Total	<u>\$ 121,643,103</u>
Statement of Net Position:	
Cash and investments	\$ 121,023,965
Statement of Fiduciary Net Position:	
Cash, investments, held by others	<u>619,138</u>
Total Cash and Investments	<u>\$ 121,643,103</u>

Steamboat Springs School District RE-2  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2020

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**NOTE C - INTERFUND TRANSACTIONS**

Interfund receivables and payables at June 30, 2020 were as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ -	\$ 116,766
Proprietary	67,508	-
Nonmajor	44,237	-
Fiduciary	-	67,508
Component Unit	72,529	-
	<u>\$ 184,274</u>	<u>\$ 184,274</u>

These balances resulted from the time lag between the dates that (1) transactions are recorded in the accounting system and (2) payments between funds are made to cover negative cash balances.

Interfund transfers made during the year ended June 30, 2020 were as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Transfer out</u>
General	\$ -	\$ 600,000
Nonmajor	600,000	-
	<u>\$ 600,000</u>	<u>\$ 600,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Steamboat Springs School District RE-2  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

**NOTE D - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2020</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 1,055,588	\$ 1,291,630	\$ -	\$ 2,347,218
Construction in progress	<u>4,557,747</u>	<u>8,580,090</u>	<u>5,694,810</u>	<u>7,443,027</u>
Total	5,613,335	9,871,720	5,694,810	9,790,245
Capital assets, being depreciated:				
Buildings	82,963,168	5,694,811	-	88,657,979
Equipment	4,541,637	185,737	-	4,727,374
Food service equipment	<u>369,012</u>	<u>-</u>	<u>-</u>	<u>369,012</u>
Total	87,873,817	5,880,548	-	93,754,365
Less accumulated depreciation:				
Buildings	32,159,554	2,026,446	-	34,186,000
Equipment	2,854,050	297,351	-	3,151,401
Food service equipment	<u>310,522</u>	<u>14,109</u>	<u>-</u>	<u>324,631</u>
Total	<u>35,324,126</u>	<u>2,337,906</u>	<u>-</u>	<u>37,662,032</u>
Total capital assets being depreciated, net	<u>52,549,691</u>	<u>3,542,642</u>	<u>-</u>	<u>56,092,333</u>
Governmental activities capital assets, net	<u>\$ 58,163,026</u>	<u>\$ 13,414,362</u>	<u>\$ 5,694,810</u>	<u>\$ 65,882,578</u>

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

Instruction	\$ 2,057,189
General administration	99,658
Transportation	150,585
Food service	14,109
Operations and maintenance	<u>16,365</u>
Total governmental activities	<u>\$ 2,337,906</u>

Steamboat Springs School District RE-2  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE E - LONG-TERM OBLIGATIONS**

*General Obligation Facilities and Improvement Bonds.* General Obligation Bonds, series 2007, denominations of \$5,000, dated January 16, 2007, total issue \$19,730,000. The bonds were issued for the purpose of rebuilding, remodeling, improving, repairing, equipping and furnishing the District's schools, and to pay the cost of issuance of the bonds. Interest, at a rate of 4.00% to 5.00% is payable at each June 1 and December 1. Principal is due beginning December 1, 2007, and each year thereafter to December 1, 2023. The bonds are general obligations of the District and shall be payable from general ad valorem taxes required to be levied, without limitation as to rate and in amounts sufficient to pay the principal of and interest on the bonds, on all taxable property of the District, except to the extent other legally available funds are applied for such purpose. The bonds are subject to redemption prior to maturity, at the option of the District at a redemption price equal to the par amount thereof, plus accrued interest. Bonds maturing December 1, 2021 through December 1, 2023 were refunded in fiscal 2013. Bonds maturing December 1, 2018 through December 1, 2020 were refunded in fiscal 2014.

*General Obligation Refunding Bonds.* General Obligation Refunding Bonds, series 2013, denominations of \$5,000, dated February 27, 2013, total issue \$8,875,000. The bonds were issued to refinance a portion of the District's general obligation debt for the purpose of reducing debt service requirements. Interest, at a rate of 2.00% to 3.00%, is payable at each June 1 and December 1. Principal is due beginning December 1, 2013, and each year thereafter to December 1, 2023. The bonds are general obligations of the District and shall be payable from general ad valorem taxes required to be levied, without limitation as to rate and in amounts sufficient to pay the principal of and interest on the bonds, on all taxable property of the District, except to the extent other legally available funds are applied for such purpose. The bonds are subject to redemption prior to maturity, at the option of the District at a redemption price equal to the par amount thereof, plus accrued interest.

Annual debt service requirements to maturity for the general government bonds are as follows:

Fiscal Year Ending	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
<u>June 30,</u>			
2021	\$ 247,100	\$ 80,000	\$ 327,100
2022	204,000	2,820,000	3,024,000
2023	118,125	2,905,000	3,023,125
2024	<u>37,275</u>	<u>2,485,000</u>	<u>2,522,275</u>
Total	<u>\$ 606,500</u>	<u>\$ 8,290,000</u>	<u>\$ 8,896,500</u>

Steamboat Springs School District RE-2  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2020

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**NOTE E - LONG-TERM OBLIGATIONS - CONTINUED**

*General Obligation Refunding Bonds.* General Obligation Refunding Bonds, series 2014A, denominations of \$5,000, dated March 18, 2014, total issue \$7,530,000. The bonds were issued to refinance a portion of the District's general obligation debt for the purpose of reducing debt service requirements. Interest, at a rate of 1.00% to 4.00%, is payable at each June 1 and December 1. Principal is due beginning December 1, 2014, and each year thereafter to December 1, 2020. The bonds are general obligations of the District and shall be payable from general ad valorem taxes required to be levied, without limitation as to rate and in amounts sufficient to pay the principal of and interest on the bonds, on all taxable property of the District, except to the extent other legally available funds are applied for such purpose. The bonds are subject to redemption prior to maturity, at the option of the District at a redemption price equal to the par amount thereof, plus accrued interest.

Annual debt service requirements to maturity for the general government bonds are as follows:

Fiscal Year Ending	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
<u>June 30,</u>			
2021	\$ 51,400	\$ 2,570,000	\$ 2,621,400
Total	<u>\$ 51,400</u>	<u>\$ 2,570,000</u>	<u>\$ 2,621,400</u>

*General Obligation Refunding Bonds.* General Obligation Refunding Bonds, series 2015, denominations of \$5,000, dated December 22, 2015, total issue \$9,110,000. The bonds were issued to refinance a portion of the District's general obligation debt for the purpose of reducing debt service requirements. Interest, at a rate of 3.00% to 4.00%, is payable at each June 1 and December 1. Principal is due beginning December 1, 2023, and each year thereafter to December 1, 2026. The bonds are general obligations of the District and shall be payable from general ad valorem taxes required to be levied, without limitation as to rate and in amounts sufficient to pay the principal of and interest on the bonds, on all taxable property of the District, except to the extent other legally available funds are applied for such purpose. The bonds are subject to redemption prior to maturity, at the option of the District at a redemption price equal to the par amount thereof, plus accrued interest.

Annual debt service requirements to maturity for the general government bonds are as follows:

Fiscal Year Ending	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
<u>June 30,</u>			
2021	\$ 361,250	\$ -	\$ 361,250
2022	361,250	-	361,250
2023	361,250	-	361,250
2024	356,525	315,000	671,525
2025	295,400	2,820,000	3,115,400
2026-27	241,300	5,975,000	6,216,300
Total	<u>\$ 1,976,975</u>	<u>\$ 9,110,000</u>	<u>\$ 11,086,975</u>

Steamboat Springs School District RE-2  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE E - LONG-TERM OBLIGATIONS - CONTINUED**

*General Obligation Bonds.* General Obligation Bonds, series 2018, dated January 31, 2018, total issue \$12,900,000. The bonds were issued to finance construction projects. Interest, at a rate of 5.00%, is payable at each June 1 and December 1. Principal is due beginning December 1, 2018, and each year thereafter to December 1, 2024. The bonds are general obligations of the District and shall be payable from general ad valorem taxes required to be levied, without limitation as to rate and in amounts sufficient to pay the principal of and interest on the bonds, on all taxable property of the District, except to the extent other legally available funds are applied for such purpose. The bonds are not subject to redemption prior to maturity.

Annual debt service requirements to maturity for the general government bonds are as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2021	\$ 435,375	\$ 1,735,000	\$ 2,170,375
2022	346,500	1,820,000	2,166,500
2023	253,250	1,910,000	2,163,250
2024	155,375	2,005,000	2,160,375
2025	<u>52,625</u>	<u>2,105,000</u>	<u>2,157,625</u>
Total	<u>\$ 1,243,125</u>	<u>\$ 9,575,000</u>	<u>\$ 10,818,125</u>

*Certificates of Participation.* Certificates of Participation, series 2014, denominations of \$5,000, dated January 8, 2014, total issue \$2,940,000. The certificates were issued to improve District facilities, decrease deferred maintenance on buildings, and reduce District utility costs. Interest, at a rate of 2.00% to 4.00%, is payable at each June 1 and December 1. Principal is due beginning December 1, 2014, and each year thereafter to December 1, 2033. The Certificates do not constitute a general obligation or other indebtedness of the District and the obligation will terminate if the District does not appropriate funds to make the payments in any fiscal year. Repayment of the Certificates is secured only by title to the District's central administration building, held by the Trustee. The Certificates are subject to redemption prior to maturity, at the option of the District at a redemption price equal to the par amount thereof, plus accrued interest.

Annual debt service requirements to maturity for the general government certificates are as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2021	\$ 75,181	\$ 130,000	\$ 205,181
2022	71,931	130,000	201,931
2023	68,281	135,000	203,281
2024	64,156	140,000	204,156
2025	59,791	145,000	204,791
2026-30	189,339	620,000	809,339
2031-34	<u>93,387</u>	<u>910,000</u>	<u>1,003,387</u>
Total	<u>\$ 622,066</u>	<u>\$ 2,210,000</u>	<u>\$ 2,832,066</u>

Steamboat Springs School District RE-2  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

**NOTE E - LONG-TERM OBLIGATIONS - CONTINUED**

*General Obligation Bonds.* General Obligation Bonds, series 2020, dated January 21, 2020, total issue \$79,500,000. The bonds were issued to finance the costs of capital projects and improvements. Interest, at a rate of 5.00%, is payable at each June 1 and December 1. Principal is due beginning June 1, 2020, and each year thereafter to December 1, 2039. The bonds are general obligations of the District and shall be payable from general ad valorem taxes required to be levied, without limitation as to rate and in amounts sufficient to pay the principal of and interest on the bonds, on all taxable property of the District, except to the extent other legally available funds are applied for such purpose. The bonds are not subject to redemption prior to maturity.

Annual debt service requirements to maturity for the general government certificates are as follows:

Fiscal Year Ending	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
<u>June 30,</u>			
2021	\$ 3,975,000	\$ —	\$ 3,975,000
2022	3,975,000	—	3,975,000
2023	3,975,000	—	3,975,000
2024	3,975,000	—	3,975,000
2025	3,975,000	—	3,975,000
2026-30	18,422,625	15,975,000	34,397,625
2031-35	12,528,500	27,910,000	40,438,500
2036-40	4,625,375	35,615,000	40,240,375
Total	<u>\$ 55,451,500</u>	<u>\$ 79,500,000</u>	<u>\$ 134,951,500</u>

*Changes in Long-Term Debt.* During the period ended June 30, 2020, the following changes occurred in long-term debt:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due within</u>
	<u>6/30/19</u>	<u>6/30/20</u>	<u>6/30/20</u>	<u>6/30/20</u>	<u>one year</u>
General obligation bonds 2013	\$ 8,370,000	\$ —	\$ 80,000	\$ 8,290,000	\$ 80,000
General obligation bonds 2014A	5,040,000	—	2,470,000	2,570,000	2,570,000
General obligation bonds 2015	9,110,000	—	—	9,110,000	—
General obligation bonds 2018	11,225,000	—	1,650,000	9,575,000	1,735,000
General obligation bonds 2020	—	79,500,000	—	79,500,000	—
Bond premiums	2,569,019	23,683,215	1,039,263	25,212,971	1,622,282
COPs	2,335,000	—	125,000	2,210,000	130,000
Early retirement	281,005	81,000	23,000	339,005	—
Compensated absences	608,476	54,998	—	663,474	—
	<u>\$ 39,538,500</u>	<u>\$103,319,213</u>	<u>\$ 5,387,263</u>	<u>\$ 137,470,450</u>	<u>\$ 6,137,282</u>

Liabilities for compensated absences and early retirement are liquidated by the General Fund.

Steamboat Springs School District RE-2  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE F - TAX, SPENDING, AND DEBT LIMITATION**

In November of 1992, Colorado voters approved a State Constitutional amendment, referred to as the Taxpayer's Bill of Rights (*TABOR*), containing tax, spending and debt limitations on the state and local governments. *TABOR* limits increases in revenues and expenditures to the rate of inflation and local growth. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of this Amendment. *TABOR* also requires local governments to establish emergency reserves to be used only for declared emergencies. The amount restricted in the General Fund at June 30, 2020 for *TABOR* equaled \$1,056,761. The District restricts a portion of its fund balance in further compliance with *TABOR*. For financial reporting purposes, the District reserves the statutory 3% of the Charter School's fund balance for the School.

On November 5, 1998, voters passed a referendum allowing the District to keep and spend any excess revenues from grants, fees, leases, interest, sales and use taxes, and other non-property tax revenues received during the year ended June 30, 1999, and each subsequent year thereafter.

**NOTE G - CONTINGENCIES AND COMMITMENTS**

*Grants* - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

**NOTE H – 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](http://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.

Steamboat Springs School District RE-2  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

---

**NOTE H – 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.

Steamboat Springs School District RE-2  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

---

**NOTE H – 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%
<b>Total employer contribution rate to the SCHDTF</b>	<b>19.38%</b>

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

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

Subsequent to the SCHDTF's December 31, 2019, measurement date, 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.

Steamboat Springs School District RE-2  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2020

---

**NOTE H – DEFINED BENEFIT PENSION PLAN – CONTINUED**

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 \$3,252,743 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 \$42,314,559 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’s proportionate share of the net pension liability	\$ 42,314,559
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	\$ 4,762,945
Total	\$ 47,077,504

At December 31, 2019, District’s proportion was 0.28323 percent, which was a decrease of 0.00156 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized negative pension expense of \$(5,409,195) and additional expense of \$169,768 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:

Steamboat Springs School District RE-2  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2020

**NOTE H – DEFINED BENEFIT PENSION PLAN – CONTINUED**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	2,306,172	–
Changes of assumptions or other inputs	1,208,016	19,193,484
Net difference between projected and actual earnings on pension plan investments	–	5,012,581
Changes in proportion and differences between contributions recognized and proportionate share of contributions	–	5,071,254
Contributions subsequent to the measurement date	1,608,412	–
Total	5,122,600	29,277,319

\$1,608,412 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:

<b>Year ended June 30, 2020:</b>	
2021	(14,422,029)
2022	(9,675,944)
2023	39,974
2024	(1,705,132)
2025	–
Thereafter	–

Steamboat Springs School District RE-2  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2020

---

**NOTE H – 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) <sup>1</sup>	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic) <sup>1</sup>	Financed by the Annual Increase Reserve

<sup>1</sup> For 2019, the annual increase was 0.00 percent.

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

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

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

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

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

Steamboat Springs School District RE-2  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2020

**NOTE H – DEFINED BENEFIT PENSION PLAN – CONTINUED**

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

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

As of 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%
<b>Total</b>	<b>100.00%</b>	

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.

Steamboat Springs School District RE-2  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

---

**NOTE H – DEFINED BENEFIT PENSION PLAN – CONTINUED**

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 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.
- 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.

Steamboat Springs School District RE-2  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2020

---

**NOTE H – DEFINED BENEFIT PENSION PLAN – CONTINUED**

- 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	\$56,118,166	\$42,314,559	\$30,725,229

*Pension plan fiduciary net position.* Detailed information about the SCHDTF’s fiduciary net position is available in PERA’s CAFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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

Steamboat Springs School District RE-2  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

---

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

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

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

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

*PERA Benefit Structure*

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

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.

Steamboat Springs School District RE-2  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

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

*DPS Benefit Structure*

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from District were \$171,197 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 \$2,082,322 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the District's proportion was 0.18526 percent, which was an increase of 0.00007 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$109,339. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Steamboat Springs School District RE-2  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2020

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	6,910	349,906
Changes of assumptions or other inputs	17,275	–
Net difference between projected and actual earnings on OPEB plan investments	–	34,757
Changes in proportion and differences between contributions recognized and proportionate share of contributions	7,233	67,763
Contributions subsequent to the measurement date	84,653	–
<b>Total</b>	<b>116,071</b>	<b>452,426</b>

\$84,653 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30, 2020</b>	
2021	(94,077)
2022	(94,074)
2023	(84,010)
2024	(77,272)
2025	(67,518)
Thereafter	(4,057)

Steamboat Springs School District RE-2  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2020

**NOTE I – 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:

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

Steamboat Springs School District RE-2  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

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

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.

Steamboat Springs School District RE-2  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2020

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

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

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

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

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

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.

Steamboat Springs School District RE-2  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

---

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

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

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

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

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

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

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

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

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

Steamboat Springs School District RE-2  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2020

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

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

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	\$2,032,857	\$2,082,322	\$2,139,482

*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:

Steamboat Springs School District RE-2  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2020

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

- 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.

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	\$2,354,484	\$2,082,322	\$1,849,566

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

Steamboat Springs School District RE-2  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE J - 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](http://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, 2017, 2018, 2019 and 2020.

**NOTE K - RISK MANAGEMENT**

The District is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District has joined other school districts in the Colorado School District Self Insurance Pool (CSDSIP), a public entity risk pool operating as a common risk management and insurance program for member districts. The District pays an annual contribution to CSDSIP for its property and casualty insurance coverage. The agreement with CSDSIP provides that the pool will be financially self-sustaining through member contribution and additional assessments, if necessary. The pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**NOTE L - SELF-INSURANCE PROGRAM**

The District is self-insured with respect to health insurance claims. However, an excess liability policy in the amount of \$100,000 has been purchased. The claims liability is based on the requirement of GASB Statement Nos. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. Claim liabilities, including incurred but not reported (IBNR) claims, are based on the estimated ultimate cost of settling the claims (including the effects of inflation and other societal and economic factors), using past experience adjusted for current trends, and any other factors that would modify past experience. Claim liabilities also include specific, incremental claim adjustment expenses. In addition, estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims.

Expenses and liabilities are estimated through a case-by-case review of all claims and the application of historical experience for outstanding claims.

Steamboat Springs School District RE-2  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2020

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**NOTE L - SELF-INSURANCE PROGRAM – CONTINUED**

Changes in the Fund’s premiums, stop loss, and claims in fiscal year 2020 were:

<u>Beginning Balance</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Balance</u>
\$ 364,073	\$3,336,435	\$3,999,623	\$ 299,115

**NOTE M – SUBSEQUENT EVENTS**

Management has evaluated potential subsequent event disclosures through November 24, 2020 (date of availability of financial statements for issuance). During 2020 there was a worldwide pandemic from the Coronavirus. It is clear that there will be potential short and long term effects from local to global economies. It is unclear what these effects will be for the District at the date of the auditor’s report.

Steamboat Springs School District RE-2

SCHEDULE OF ACTIVITY - NET PENSION LIABILITY

June 30, 2020

	Employer proportion of NPL	Employer proportionate share of NPL	Nonemployer contributing entity proportionate share of NPL associated with employer	Total of employer and nonemployer proportionate share of NPL	Covered payroll	Employer proportionate share of NPL as a percentage of covered payroll	Pension plan's fiduciary net position as a percentage of total pension liability
<b>Measurement date:</b>							
December 31, 2014	0.334632%	\$ 45,353,851	\$ -	\$ 45,353,851	\$ 14,220,569	319%	63%
December 31, 2015	0.344898%	52,749,732	-	52,749,732	15,049,384	351%	59%
December 31, 2016	0.343034%	102,134,589	-	102,134,589	15,396,009	663%	43%
December 31, 2017	0.324587%	104,959,883	-	104,959,883	14,972,812	701%	44%
December 31, 2018	0.284794%	50,428,627	6,065,976	56,494,603	15,656,659	322%	57%
December 31, 2019	0.283234%	42,314,559	4,762,945	47,077,504	16,646,440	254%	65%

Steamboat Springs School District RE-2

SCHEDULE OF ACTIVITY - EMPLOYER PENSION CONTRIBUTIONS

June 30, 2020

	Required employer contribution	Employer contributions recognized by the plan	Difference	Covered payroll	Contributions as a percentage of employer covered payroll
June 30, 2015	\$ 2,429,217	\$ 2,429,217	\$ -	\$ 14,446,992	16.81%
June 30, 2016	2,745,374	2,745,374	-	15,481,127	17.73%
June 30, 2017	2,783,115	2,783,115	-	15,142,431	18.38%
June 30, 2018	2,828,439	2,828,439	-	14,979,145	18.88%
June 30, 2019	3,109,304	3,109,304	-	16,253,548	19.13%
June 30, 2020	3,252,743	3,252,743	-	16,784,021	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 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.

Governmental accounting standards require the net pension liabilities for financial reporting purposes be measured using the plan provisions in effect as of the pension plan's year end. The passage of HB 20-1379 into law is considered a nonrecognized subsequent event as these statutory changes to plan provisions did not exist as of the December 31, 2019, measurement date.

Steamboat Springs School District RE-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	0.184461%	\$ 2,397,257	\$ 14,972,812	16%	18%
December 31, 2018	0.185186%	2,519,533	15,656,659	16%	17%
December 31, 2019	0.185260%	2,082,322	16,646,440	13%	24%

Steamboat Springs School District RE-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 employer covered payroll
June 30, 2018	\$ 152,787	\$ 152,787	\$ -	\$ 14,979,145	1.02%
June 30, 2019	165,786	165,786	-	16,253,548	1.02%
June 30, 2020	171,197	171,197	-	16,784,021	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.

Steamboat Springs School District RE-2  
BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2020

	Food Service Fund	Supplemental Capital Projects Fund	Capital Projects Fund	Total Nonmajor Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 132,339	\$ 1,652,765	\$ 312,115	\$ 2,097,219
Property tax receivable	-	56,841	-	56,841
Due from other governments	4,145	-	-	4,145
Due from other funds	44,237	-	-	44,237
Inventory	3,335	-	-	3,335
Total assets	<u>\$ 184,056</u>	<u>\$ 1,709,606</u>	<u>\$ 312,115</u>	<u>\$ 2,205,777</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 130	\$ -	\$ 78,542	\$ 78,672
Accrued compensation	72,714	-	-	72,714
Due to other funds	-	-	-	-
Unearned revenues	59,424	-	-	59,424
Total liabilities	<u>132,268</u>	<u>-</u>	<u>78,542</u>	<u>210,810</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable property taxes	-	19,444	-	19,444
<b>FUND BALANCES</b>				
Nonspendable	3,335	-	-	3,335
Assigned				
Other capital projects	-	1,690,162	233,573	1,923,735
Food service	48,453	-	-	48,453
Total fund balances	<u>51,788</u>	<u>1,690,162</u>	<u>233,573</u>	<u>1,975,523</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 184,056</u>	<u>\$ 1,709,606</u>	<u>\$ 312,115</u>	<u>\$ 2,205,777</u>

Steamboat Springs School District RE-2  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2020

	Food Service Fund	Supplemental Capital Projects Fund	Capital Projects Fund	Total Nonmajor Funds
<b>REVENUES</b>				
Federal sources	\$ 274,245	\$ -	\$ -	\$ 274,245
State sources	8,078	-	227,654	235,732
Local and intermediate sources	325,225	1,116,952	182,162	1,624,339
Interest	-	15,477	10,151	25,628
Total revenues	<u>607,548</u>	<u>1,132,429</u>	<u>419,967</u>	<u>2,159,944</u>
<b>EXPENDITURES</b>				
Current				
Supporting services				
Food services	735,418	-	-	735,418
Capital outlay	-	919,436	1,527,548	2,446,984
Total expenditures	<u>735,418</u>	<u>919,436</u>	<u>1,527,548</u>	<u>3,182,402</u>
Excess of revenues over (under) expenditures	(127,870)	212,993	(1,107,581)	(1,022,458)
<b>OTHER FINANCING SOURCES</b>				
Insurance proceeds	-	-	62,667	62,667
Transfers in	100,000	-	500,000	600,000
Total other financing sources	<u>100,000</u>	<u>-</u>	<u>562,667</u>	<u>662,667</u>
Net change in fund balances	(27,870)	212,993	(544,914)	(359,791)
Fund balance, beginning of year	79,658	1,477,169	778,487	2,335,314
Fund balance, end of year	<u>\$ 51,788</u>	<u>\$ 1,690,162</u>	<u>\$ 233,573</u>	<u>\$ 1,975,523</u>

Steamboat Springs School District RE-2  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - FOOD SERVICE FUND  
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal sources	\$ 265,000	\$ 225,000	\$ 274,245	\$ 49,245
State sources	8,000	9,433	8,078	(1,355)
Local and intermediate sources	444,000	437,000	325,225	(111,775)
Total revenues	<u>717,000</u>	<u>671,433</u>	<u>607,548</u>	<u>(63,885)</u>
<b>EXPENDITURES</b>				
Current				
Supporting services				
Food service	<u>846,658</u>	<u>826,091</u>	<u>735,418</u>	<u>90,673</u>
Total expenditures	<u>846,658</u>	<u>826,091</u>	<u>735,418</u>	<u>90,673</u>
Excess of revenues over (under) expenditures	(129,658)	(154,658)	(127,870)	26,788
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>50,000</u>	<u>75,000</u>	<u>100,000</u>	<u>25,000</u>
Net change in fund balances	(79,658)	(79,658)	(27,870)	51,788
Fund balance, beginning of year	79,658	79,658	79,658	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,788</u>	<u>\$ 51,788</u>

Steamboat Springs School District RE-2  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUILDING FUND  
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
State sources	\$ -	\$ 22,556	\$ 22,556	\$ -
Local, interest	10,000	600,000	478,902	(121,098)
Total revenues	<u>10,000</u>	<u>622,556</u>	<u>501,458</u>	<u>(121,098)</u>
<b>EXPENDITURES</b>				
Bond issuance costs	-	529,275	527,782	1,493
Capital outlay	1,790,050	8,394,802	9,176,972	(782,170)
Contingency	-	95,991,917	-	95,991,917
Total expenditures	<u>1,790,050</u>	<u>104,915,994</u>	<u>9,704,754</u>	<u>95,211,240</u>
Excess of revenues over (under) expenditures	(1,780,050)	(104,293,438)	(9,203,296)	95,090,142
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance proceeds	-	79,500,000	79,500,000	-
Debt premium proceeds	-	23,683,215	23,683,215	-
Total other financing sources (uses)	<u>-</u>	<u>103,183,215</u>	<u>103,183,215</u>	<u>-</u>
Net change in fund balances	(1,780,050)	(1,110,223)	93,979,919	95,090,142
Fund balance, beginning of year	<u>1,110,223</u>	<u>1,110,223</u>	<u>1,110,223</u>	<u>-</u>
Fund balance, end of year	<u>\$ (669,827)</u>	<u>\$ -</u>	<u>\$ 95,090,142</u>	<u>\$ 95,090,142</u>

Steamboat Springs School District RE-2  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND  
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local sources	\$ -	\$ 182,162	\$ 182,162	\$ -
State sources	-	227,654	227,654	-
Earnings on investments	-	10,184	10,151	(33)
Total revenues	-	420,000	419,967	(33)
<b>EXPENDITURES</b>				
Capital outlay	345,319	1,450,000	1,527,548	(77,548)
Contingency	933,168	248,487	-	248,487
Total expenditures	1,278,487	1,698,487	1,527,548	170,939
Excess of revenues over (under) expenditures	(1,278,487)	(1,278,487)	(1,107,581)	170,906
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance proceeds	-	-	62,667	62,667
Transfers in	500,000	500,000	500,000	-
Total other financing sources (uses)	500,000	500,000	562,667	62,667
Net change in fund balances	(778,487)	(778,487)	(544,914)	233,573
Fund balance, beginning of year	778,487	778,487	778,487	-
Fund balance, end of year	\$ -	\$ -	\$ 233,573	\$ 233,573

Steamboat Springs School District RE-2  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - SUPPLEMENTAL CAPITAL PROJECTS FUND  
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 1,117,350	\$ 1,122,525	\$ 1,116,952	\$ (5,573)
Interest	20,000	17,475	15,477	(1,998)
Total revenues	<u>1,137,350</u>	<u>1,140,000</u>	<u>1,132,429</u>	<u>(7,571)</u>
<b>EXPENDITURES</b>				
Capital outlay	440,000	925,000	919,436	5,564
Contingency	2,174,519	1,692,169	-	1,692,169
Total expenditures	<u>2,614,519</u>	<u>2,617,169</u>	<u>919,436</u>	<u>1,697,733</u>
Excess of revenues over (under) expenditures	(1,477,169)	(1,477,169)	212,993	1,690,162
Fund balance, beginning of year	1,477,169	1,477,169	1,477,169	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,690,162</u>	<u>\$ 1,690,162</u>

Steamboat Springs School District RE-2  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 5,252,500	\$ 8,856,778	\$ 8,762,626	\$ (94,152)
Interest	80,000	75,000	64,702	(10,298)
Total revenues	<u>5,332,500</u>	<u>8,931,778</u>	<u>8,827,328</u>	<u>(104,450)</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	4,200,000	4,385,290	4,200,000	185,290
Interest	1,282,150	4,471,488	2,618,192	1,853,296
Other	2,500	2,500	-	2,500
Contingency	5,663,263	5,887,913	-	5,887,913
Total expenditures	<u>11,147,913</u>	<u>14,747,191</u>	<u>6,818,192</u>	<u>7,928,999</u>
Net change in fund balances	(5,815,413)	(5,815,413)	2,009,136	7,824,549
Fund balance, beginning of year	5,815,413	5,815,413	5,815,413	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,824,549</u>	<u>\$ 7,824,549</u>

Steamboat Springs School District RE-2  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION  
BUDGET AND ACTUAL - INSURANCE INTERNAL SERVICE FUND  
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fees	\$ 4,450,322	\$ 4,495,000	\$ 4,521,423	\$ 26,423
Stop loss revenue	35,000	364,472	539,194	174,722
Interest income	5,000	5,000	10,756	5,756
Total operating revenues	<u>4,490,322</u>	<u>4,864,472</u>	<u>5,071,373</u>	<u>206,901</u>
<b>EXPENDITURES</b>				
Insurance Claims	3,115,000	3,490,000	3,401,393	88,607
Administration fees	1,150,000	1,200,000	1,245,889	(45,889)
Contingency	431,661	380,811	-	380,811
Total operating expenditures	<u>4,696,661</u>	<u>5,070,811</u>	<u>4,647,282</u>	<u>423,529</u>
Excess of revenues over (under) expenditures	(206,339)	(206,339)	424,091	630,430
Budgetary net position, beginning of year	206,339	206,339	206,338	(1)
Budgetary net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>630,429</u>	<u>\$ 630,429</u>
GAAP conversion - change in claims payable			64,958	
Net position, end of year, GAAP			<u>\$ 695,387</u>	

Steamboat Springs School District RE-2  
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
 FIDUCIARY FUND  
 For the Year Ended June 30, 2020

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Additions			
Fund raising events		\$	821,297
	Total additions		<u>821,297</u>
Deductions			
Athletic/Activity expenditures			939,026
	Total deductions		<u>939,026</u>
Change in activity funds			(117,729)
Total due to student groups, beginning of year			665,594
Total due to student groups, end of year		\$	<u><u>547,865</u></u>
Total appropriation		\$	2,165,595
Total expenditures			939,026
Variance positive (negative)		\$	<u><u>1,226,569</u></u>



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 2770 - Steamboat Springs RE-2  
 Fiscal Year 2019-20  
 Colorado School District/BOCES

**Revenues, Expenditures, & Fund Balance by Fund**

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
<b>Governmental</b>	+		-	=
10 General Fund	7,568,532	32,252,106	32,126,546	7,694,093
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	7,568,532	32,252,106	32,126,546	7,694,093
11 Charter School Fund	174,222	1,500,616	1,320,066	354,772
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const. Tech. Main Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	79,658	707,548	735,418	51,789
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	665,594	821,297	939,026	547,866
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	5,815,413	8,827,328	6,818,192	7,824,550
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	1,110,223	103,684,673	9,704,754	95,090,142
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	778,487	982,634	1,527,547	233,574
46 Supplemental Cap Const. Tech. Main Fund	1,477,169	1,132,428	919,436	1,690,162
<b>Totals</b>	<b>17,669,299</b>	<b>149,908,630</b>	<b>54,090,983</b>	<b>113,486,946</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	0	0	0
64 (G3) Risk-Related Activity Fund	206,338	633,721	144,673	695,386
60,65-69 Other Internal Service Funds	0	0	0	0
<b>Totals</b>	<b>206,338</b>	<b>633,721</b>	<b>144,673</b>	<b>695,386</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34 Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FINAL