

**SOUTH CONEJOS SCHOOL DISTRICT RE-10
ANTONITO, COLORADO**

FINANCIAL STATEMENTS

June 30, 2020



Wall,
Smith,
Bateman Inc.
Certified Public Accountants

SOUTH CONEJOS SCHOOL DISTRICT RE-10

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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

To the Board of Education
South Conejos School District RE-10
Antonito, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South Conejos School District RE-10 (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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Certified Public Accountants

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial schedules and the Colorado School District Auditor's Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

December 18, 2020

The management of South Conejos School District RE-10 offers readers of the district's basic financial statements this narrative overview and analysis of the financial activities of the district for the fiscal year ended June 30, 2020.

Financial Highlights

On the statement of net position, assets and deferred outflows were more than the district's liabilities and deferred inflows, resulting in a net position of \$10.3 million. Total assets increased by \$.5 million, deferred outflows of resources decreased by \$1 million, total liabilities decreased by \$.9 million, and deferred inflows of resources decreased by \$1.1 million.

On the statement of activities, general revenues totaling \$3 million accounted for 70 percent of all revenues of the primary government. Program revenues provided \$1.2 million, or 30 percent of all revenues, directly supporting the functions and programs of the primary government.

Outstanding liability for general obligation bonds payable decreased by \$0.2 million due to scheduled principal payments.

Governmental funds reported combined ending fund balances of \$3.5 million, a decrease of \$0.5 million from the prior year. Restricted fund balance for statutory requirements totaled \$0.9 million; fund balance amounts assigned by district management for various operations totaled \$3.1 million. Unassigned fund balance of \$2 million in the General Fund is available for district use.

Overview of the Financial Statements

This discussion and analysis serves as an introduction of the district's basic financial statements. The annual report consists of a series of financial statements and notes to those statements organized so the reader can understand the district as a whole. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to basic financial statements.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the district's finances using accounting methods similar to those used by a private-sector business. These statements report the financial status of the district's governmental activities, which represent the district's programs and services, including instruction, support services, food service operations, operation and maintenance of facilities, pupil transportation and administration. These activities are principally supported by taxes and State equalization funding. The government-wide financial statements follow this Management's Discussion and Analysis section of the report.

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

The statement of activities presents information showing how the district's net position changed during the fiscal year. All revenues and expenses are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

Fund Financial Statements. The fund financial statements focus on the district's major funds and provide more detailed information about the district. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. The district's funds are governmental funds.

Governmental Funds. The district's activities are reported in governmental funds, which focus on how money flows into and out of those funds. Governmental funds are used to account for activities primarily supported by taxes, grants, and similar revenue sources. The balances left at year-end are available for spending in future periods. The

governmental fund statements provide a detailed, short-term view on the financial resources that can be spent in the near future on the district's programs.

The focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions.

Because there are differences between *governmental activities* (shown in the statement of net position and the statement of activities previously discussed) and *governmental funds*, two reconciliations are provided in the financial statements. The major differences between the financial reporting on governmental activities and governmental funds are directly related to the district's long-term liabilities and capital assets. For example, repayment of general obligation bonds is shown as an expenditure that reduces fund balance in the Bond Redemption Fund but as a reduction of long-term debt on the statement of activities. Acquisition of capital assets is shown as expenditures that reduce fund balance in governmental funds but as a noncurrent asset on the statement of net position. More details can be found on the reconciliations contained within the financial statements.

Notes to the Basic Financial Statements. The notes to the basic financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information and Other Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also includes *required supplementary information* containing the district's budgetary schedules for the district's General Fund and Governmental Designated Purpose Fund, as well as pension information required by GASB 68 and the OPEB information required by GASB 75. Other supplementary information, including financial statements and budgetary comparisons for the district's other governmental funds and the Auditor's Integrity Report follows the required supplementary information.

Government-wide Financial Analysis

Governmental Activities. As of June 30, 2020, assets and deferred outflows exceeded liabilities and deferred liabilities. As required by accounting standards, GASB 68 and GASB 75, the district has recorded a noncurrent liability of \$4.3 million for its net pension and OPEB liability. The district has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefits or annual required contribution decisions made by Colorado Public Employees' Retirement Association (PERA). As part of the GASB 68 and GASB 75 accounting, the districts deferred outflows decreased by \$1 million. During 2020, the total net position increased \$1.6 million from \$8.8 million to \$10.3 million. A significant portion of the district's assets are investments in capital assets, such as land, buildings and equipment. The value of capital assets, net of depreciation, decreased by \$0.2 million, from \$18.4 million to \$18.2 million, because of net depreciation.

Restricted net position of the district includes two categories: 1) an emergency fund mandated by Article X, Section 20, of the Colorado constitution (i.e., TABOR) and 2) funds generated from property taxes accounted for in the Bond Redemption Fund that are restricted for the payment of long-term debt. In accordance with the emergency fund mandate, the district reserved 3.0 percent of applicable expenditures and the bond redemption funds, totaling \$0.8 million. Net investment in capital assets decreased by \$83,000 from \$14 million to \$13.9 million.

Net position for government activities increased \$1.6 million. Expenses for governmental activities remained unchanged. Pension expense is allocated proportionally between instruction and support services in the same proportion as the actual employee benefit expenses.

Net Position. The table below provides a summary of the district's net position for June 30, 2020. Comparative data for June 30, 2019, is also presented.

The following condensed financial information is derived from the government-wide statement of net position.

Comparative Summary of Net Position

	Primary Government			
	Governmental Activities		Increase	% Change
	June 30, 2020	June 30, 2019	(Decrease)	from 2019
Current assets	\$ 4,296,566	\$ 3,473,351	\$ 823,215	23.7%
Capital assets, net	18,230,433	18,458,080	(227,647)	-1.2%
Total assets	22,526,999	21,931,431	595,568	2.7%
Deferred outflows of resources	522,478	1,571,628	(1,049,150)	-66.8%
Current liabilities	917,725	539,248	378,477	70.2%
Noncurrent liabilities outstanding	8,425,599	9,663,678	(1,238,079)	-12.8%
Total liabilities	9,343,324	10,202,926	(859,602)	-8.4%
Deferred inflows of resources	3,342,548	4,535,555	(1,193,007)	-26.3%
Net investment in capital assets	13,958,732	13,965,109	(6,377)	-0.05%
Restricted	871,309	877,367	(6,058)	-0.7%
Unrestricted (deficit)	(4,466,436)	(6,077,898)	(1,611,462)	-26.5%
Total net position	\$ 10,363,605	\$ 8,764,578	\$ 1,599,027	18.2%

The deferred outflows decrease of \$1.5 million is due to the change in assumptions used for PERA's actuarial valuation. See the Notes to the Financial Statements for additional information on GASB 68 and GASB 75. The remaining \$1.6 million change in unrestricted net position is due to the district's pension impacts within the deferred inflows of resources.

The effect of the PERA pension and OPEB on the District's total net position for the fiscal year 2020 and 2019 is summarized below:

	Fiscal Year 2020	Fiscal Year 2019
Net Position (GAAP Basis)	\$ 10,363,605	\$ 8,764,578
GASB 68- Pension	6,916,805	8,044,880
GASB 75- OPEB	256,359	268,750
Net Position Excluding Pension and OPEB	<u>\$ 17,536,769</u>	<u>\$ 17,078,208</u>

The effect of the PERA pension and OPEB on the District's unrestricted net position is summarized below:

	Fiscal Year 2020	Fiscal Year 2019
Net Position (GAAP Basis)	\$ (4,466,436)	\$ (6,077,898)
GASB 68- Pension	6,916,805	8,077,880
GASB 75- OPEB	256,359	268,750
Net Position Excluding Pension and OPEB	<u>\$ 2,706,728</u>	<u>\$ 2,235,732</u>

Management's estimate of the District's proportionate share of the State On-Behalf Direct Distribution is \$39,859, which is recognized as a contribution and allocation in the General Fund.

The following condensed financial information is derived from the government-wide statement of activities and reflects how the district's net position changed from June 30, 2019, to June 30, 2020.

Comparative Summary of Activities and Changes in Net Position

	Primary Government		Increase (Decrease)	% Change from 2019
	June 30, 2020	June 30, 2019		
REVENUES				
Program revenues:				
Charges for services	\$ 14,644	\$ 52,344	\$ (37,700)	-72.0%
Operating grants & contributions	1,277,380	864,364	413,016	47.8%
General revenues:				
Property taxes	1,112,217	1,349,948	(237,731)	17.6%
State share	1,947,990	1,947,500	490	0.03%
Other	15,624	8,217	7,407	90.1%
Total revenues	4,367,855	4,222,373	145,482	3.4%
EXPENSES				
Instruction	1,507,649	1,320,040	187,609	14.2%
Supporting services	941,471	870,368	71,103	8.2%
Other support services	13,583	13,952	(369)	-2.6%
Food service operations	122,601	124,270	(1,669)	-1.3%
Interest on long-term debt	183,524	192,604	(9,080)	-4.7%
Total expenses	2,768,828	2,521,234	247,594	9.8%
Change in net position	1,599,027	1,705,489	(102,112)	-6.2%
Net position - beginning of year	8,764,578	7,059,089	1,705,489	24.2%
Net position - end of year	\$ 10,363,605	\$ 8,764,578	\$ 1,603,377	18.3%

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.

Governmental Funds. The focus of the district's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Unassigned fund balance may serve as a useful measure of the net resources available for spending. The governmental funds use the modified accrual basis of accounting. The fund financial statements provide information about the district's most significant funds and summarize less significant funds into one column.

The Colorado constitution requires an emergency reserve of 3.0 percent of expenditures, with certain federal and local expenditures excluded from this requirement. On the district's Balance Sheet for Governmental Funds, the requirement amount of \$108,000 is shown as fund balance restricted for TABOR emergency reserve.

General Fund. The General Fund’s unassigned fund balance is \$2.4 million, which provides a measure of the district’s net resources available for spending at the end of the fiscal year. This is an increase of \$0.4 million from the prior year. Fund balances increased in the general fund. The increase in the general fund was due to an underspending of expenditures.

The district’s board of education has not set a policy requiring a minimum total fund balance in the General Fund. Management believes the 82.2% general fund operating reserve ratio is a responsible amount given the unpredictability of revenue related to pupil count and the unpredictability of expenditures related to insurance and special education. The district’s operating reserve was 59.9% in 2020. This year marks the fifth year of the district spending less than its current revenues. This fiscal discipline allowed the district to increase its fiscal health in meeting the financial indicator benchmarks set by the state.

Revenues. Governmental funds revenue increased by \$0.01 million with the increase driven by operating grants & contributions. Operating grants & contributions increased with additional grant funding provided to the district in 2020. The remaining local revenues remaining relatively flat.

Expenditures. Total governmental funds expenditures decreased slightly to \$3.9 million. Excluding debt service, expenditures were \$3.5 million.

General Fund Budgetary Highlights

Actual revenues were essentially equal to budget. Increases in state sources offset decreases to property taxes and federal grant revenue. The positive variance in expenditures related to an underspending in Instructional Program expenditures of \$504,206 and underspending of \$256,049 in Student Transportation Services.

Capital Assets and Debt Administration

Capital assets

Net of depreciation, the district’s capital assets as of June 30, 2020, totaled \$18.2 million, which is invested in land, buildings, equipment, vehicles and construction in progress. Current fiscal year depreciation totaled \$420,735. Other than depreciation, changes in 2020 related to the Construction in progress (CIP) activities.

	Capital Assets				Increase (Decrease)	% Change From 2019
	(Net of Depreciation)					
	Primary Government					
	Governmental Activities					
	June 30, 2020	June 30, 2019				
Land	\$ 45,124	\$ 45,124	\$ -		-	
Buildings and improvements	18,098,947	18,292,423	(193,476)		-1%	
Equipment and vehicles	86,362	76,978	9,384		12.2%	
Subtotal	18,230,433	18,414,525	(184,092)		-1%	
Construction in progress	0	43,555	(43,555)		-100%	
Total	\$ 18,230,433	\$ 18,458,080	\$ (227,647)		-1..2%	

The construction in progress, which was completed and capitalized, relates to the bus garage. For more information on the district’s capital assets, refer to Note 7 Capital Assets in the Notes to the Financial Statements.

Long-Term Debt

The remaining long-term debt principal is \$4.3 million with \$0.2 million due in one year. For more information on the district’s long-term debt, refer to Note 9 Noncurrent Liabilities in the Notes to the Financial Statements.

**Outstanding Debt
 June 30,**

	Primary Government		Increase (Decrease)	% Change From 2019
	Governmental Activities			
	June 30, 2020	June 30, 2019		
General obligation bonds	\$ 4,271,701	\$ 4,492,971	\$ (221,270)	-4.9%

Other Highlights

Additional information related to capital assets and debt administration are located in Note 7 and Note 9 respectively.

The actual pupil enrollment at the district is projected to decrease for FY 19-20. Such a decline will be offset in part by a funded pupil count averaging provision implemented by the Colorado Department of Education for declining enrollment districts. Therefore, an actual enrollment count for FY 19-20 of 147 will be funded closer to 193.8, thereby reducing the single year impact for such enrollment declines.

Additional funding to the district came through the Coronavirus Aid, Relief, and Economic Security (CARES) Act which was enacted on March 27, 2020 - a \$2 trillion package of assistance measures that include direct payment to families, loans for small businesses, supports for businesses and funding for education. Four education funding streams from the CARES Act were the Coronavirus Relief Fund, the Elementary and Secondary School Emergency Relief (ESSER) Fund, Governor’s Emergency Education Relief (GEER) Fund, and nutrition. In June 2020, the School received \$295,024 through the Coronavirus Relief Fund of which \$290,024 have been deferred to use in fiscal year 2021. These funding sources are to address the impact COVID-19 has had and continues to have on elementary and secondary schools. No adjustments have been made to these financial statements as the potential impact is unknown at this time.

Requests for Information

This financial report is designed to provide a general overview of the district’s finances and to demonstrate the district’s accountability for the money it receives. If you have questions about this report or need additional information, please contact the Superintendent, South Conejos School District RE-10, 31099 County Road G, Antonito, Colorado 81120, or visit our website at southconejos.com.

SOUTH CONEJOS SCHOOL DISTRICT RE-10

BASIC FINANCIAL STATEMENTS

SOUTH CONEJOS SCHOOL DISTRICT RE-10
STATEMENT OF NET POSITION
June 30, 2020

	Primary Government
	Governmental
	Activities
ASSETS	
Current Assets	
Cash and Investments	\$ 4,022,666
Cash with County Treasurer	35,812
Property Tax Receivable	93,818
Due from Other Governments	67,488
Inventories	1,841
Prepaid Expenses	74,941
Capital Assets	
Land	45,124
Land Improvements	350,349
Construction in Progress	-
Buildings	19,759,308
Equipment	37,179
Vehicles	463,912
Less: Accumulated Depreciation	(2,425,439)
TOTAL ASSETS	22,526,999
DEFERRED OUTFLOWS OF RESOURCES	
Pension	510,384
OPEB	12,094
TOTAL DEFERRED OUTFLOWS OF RESOURCES	522,478
LIABILITIES	
Current Liabilities	
Accounts Payable	1,164
Accrued Salaries and Benefits	250,950
Unearned Grant Revenue	435,074
General Obligation Bonds	230,537
Total Current Liabilities	917,725
Noncurrent Liabilities	
General Obligation Bonds	4,041,164
Compensated Absences	31,341
Net Pension Liability	4,149,067
Net OPEB Liability	204,027
Total Noncurrent Liabilities	8,425,599
TOTAL LIABILITIES	9,343,324
DEFERRED INFLOWS OF RESOURCES	
Pension	3,278,122
OPEB	64,426
TOTAL DEFERRED INFLOWS OF RESOURCES	3,342,548
NET POSITION	
Net Investment in Capital Assets	13,958,732
Restricted for:	
TABOR	108,000
Debt Service	666,538
Preschool	96,771
Unrestricted	(4,466,436)
TOTAL NET POSITION	\$ 10,363,605

The accompanying notes are an integral part of this financial statement.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Revenue and Changes in Net Position
Primary Government:					
Governmental Activities:					
Instructional Program	\$ 1,507,649	\$ -	\$ 838,674	\$ -	\$ (668,975)
Student Support Services	205,393	-	283,620	-	78,227
Instructional Staff Support Services	102,855	-	619	-	(102,236)
General Administration Support Services	212,293	-	3,906	-	(208,387)
School Administration Support Services	55,619	-	2,268	-	(53,351)
Business Support Services	5,139	-	191	-	(4,948)
Operations and Maint. of Plant Services	178,129	-	2,303	-	(175,826)
Student Transportation Services	66,140	-	43,168	-	(22,972)
Central Support Services	115,903	-	-	-	(115,903)
Other Support Services	13,583	-	-	-	(13,583)
Food Services	122,601	14,644	102,631	-	(5,326)
Interest on Long-term Debt	183,524	-	-	-	(183,524)
Total Governmental Activities	2,768,828	14,644	1,277,380	-	(1,476,804)
Total Primary Government	\$ 2,768,828	\$ 14,644	\$ 1,277,380	\$ -	(1,476,804)
General Revenues					
Taxes:					
General Property Taxes - Net					901,948
Specific Ownership Taxes					210,269
Other Taxes					-
State Equalization					1,947,990
Interest on Investments					12,814
Miscellaneous					2,810
Total General Revenues					3,075,831
Change in Net Position					1,599,027
Net Position - Beginning of year					8,764,578
Net Position - End of year					\$ 10,363,605

The accompanying notes are an integral part of this financial statement.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2020

	GENERAL FUND	GOVERNMENTAL DESIGNATED PURPOSE FUND	BOND REDEMPTION FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Investments	\$ 3,254,496	\$ (4,116)	\$ 635,886	\$ 136,400	\$ 4,022,666
Cash with County Treasurer	29,700	-	6,112	-	35,812
Property Tax Receivable	52,700	-	41,118	-	93,818
Grant Receivable	6,608	35,821	-	-	42,429
Due from Other Funds	-	-	-	-	-
Due from Other Governments	16,833	-	-	8,226	25,059
Inventories	-	-	-	1,841	1,841
Prepaid Expenses	74,941	-	-	-	74,941
TOTAL ASSETS	\$ 3,435,278	\$ 31,705	\$ 683,116	\$ 146,467	\$ 4,296,566
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 1,199	\$ -	\$ -	\$ (35)	\$ 1,164
Due to Other Funds	-	-	-	-	-
Accrued Salaries and Benefits	206,418	27,539	-	16,993	250,950
Unearned Grant Revenue	430,907	4,167	-	-	435,074
TOTAL LIABILITIES	638,524	31,706	-	16,958	687,188
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Tax	28,484	-	16,578	-	45,062
FUND BALANCE					
Nonspendable - Inventory & Prepaid	74,941	-	-	1,841	76,782
Restricted					
TABOR	108,000	-	-	-	108,000
Debt Service	-	-	666,538	-	666,538
Preschool	96,771	-	-	-	96,771
Committed					
Pupil Activities	-	-	-	122,808	122,808
Capital Projects	-	-	-	-	-
Food Service	-	-	-	4,860	4,860
Unassigned	2,488,558	(1)	-	-	2,488,557
TOTAL FUND BALANCE	2,768,270	(1)	666,538	129,509	3,564,316
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 3,435,278	\$ 31,705	\$ 683,116	\$ 146,467	\$ 4,296,566

5 The accompanying notes are an integral part of this financial statement.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
June 30, 2020

Total governmental fund balances \$ 3,564,316

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 in the funds. 18,230,433

Certain deferred inflows related to unavailable fund resources do not provide current financial resources and the revenues are not recognized on the fund financial statements but are recognized on the government-wide financial statements 45,062

Deferred results and contributions to pension and OPEB plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position. 522,478

Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds.

General Obligation Bonds	\$ (4,271,701)	
Compensated Absences	(31,341)	
	(4,303,042)	(4,303,042)

Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds. (4,353,094)

Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds. (3,342,548)

Net position of governmental activities \$ 10,363,605

SOUTH CONEJOS SCHOOL DISTRICT RE-10
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
For the Year Ended June 30, 2020

	GENERAL FUND	GOVERNMENTAL DESIGNATED PURPOSE FUND	BOND REDEMPTION FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Federal Sources	\$ 69,295	\$ 265,551	\$ -	\$ 100,289	\$ 435,135
State Sources	2,736,106	-	-	754	2,736,860
Intermediate Sources	10	-	-	-	-
Local Sources	787,493	-	384,863	40,403	1,212,759
TOTAL REVENUES	3,592,904	265,551	384,863	141,446	4,384,764
EXPENDITURES					
Instructional Program	1,600,188	180,777	-	29,112	1,810,077
Student Supporting Services	272,120	13,475	-	-	285,595
Instructional Staff Supporting Services	49,279	71,300	-	-	120,579
General Administration Supporting Services	323,311	-	750	-	324,061
School Administration Supporting Services	120,506	-	-	-	120,506
Business Supporting Services	10,603	-	-	-	10,603
Operations and Maintenance of Plant Services	244,031	-	-	-	244,031
Student Transportation Services	95,960	-	-	-	95,960
Central Supporting Services	144,640	-	-	-	144,640
Other Supporting Services	13,583	-	-	-	13,583
Food Services	-	-	-	168,036	168,036
Facilities Acquisition and Construction	-	-	-	171,385	171,385
Debt Service	-	-	404,794	-	404,794
TOTAL EXPENDITURES	2,874,221	265,552	405,544	368,533	3,913,850
Excess (deficiency) of revenues over expenditures	718,683	(1)	(20,681)	(227,087)	470,914
OTHER FINANCING SOURCES (USES)					
Transfers to Other Funds	(197,682)	-	-	-	(197,682)
Transfers from Other Funds	-	-	-	197,682	197,682
TOTAL OTHER FINANCING SOURCES (USES)	(197,682)	-	-	197,682	-
Net Change in Fund Balance	521,001	(1)	(20,681)	(29,405)	470,914
Fund Balance, Beginning of Year	2,247,269	-	687,219	158,914	3,093,402
Fund Balance, End of Year	\$ 2,768,270	\$ (1)	\$ 666,538	\$ 129,509	\$ 3,564,316

The accompanying notes are an integral part of this financial statement.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended For the Year Ended June 30, 2020

Net change in fund balances - total governmental funds \$ 470,914

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the capital asset activity.

Capital Asset additions	\$ 193,088	
Depreciation expense	<u>(420,735)</u>	(227,647)

Unearned revenue does not provide current financial resources on the governmental fund financial statements, but this change in unearned revenue from year to year is recognized on the government-wide financial statements. (16,909)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payment on general obligation bonds		221,270
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Compensated Absences		10,933
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Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of the change in pension and OPEB expense. 1,140,466

Change in net position of governmental activities \$ 1,599,027

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the District reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in Governmental Accounting and Financial Reporting Standards.

REPORTING ENTITY

Primary Government

South Conejos School District RE-10 was organized under the School District Act of 1965. The District is declared to be a corporate body with perpetual existence and in its name may hold property, sue and be sued, and be a party to contracts for any purpose authorized by law. Members of the school board are voted on at large by the registered, qualified electors of the District. Taxes are levied upon all taxable property within the District's boundaries by the County Commissioners. The County Treasurer collects the taxes and submits them to the District. The District also receives State and Federal funds. The school board has the authority to issue bonds up to 20% of the latest assessed valuation of the taxable property in the District. The board also has authority to select the depository of school funds and acquire short-term loans.

Component Units

The District's combined financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency by the organization on the District
- The organization is financially accountable to the District
- The organization receives or holds funds that are for the benefit of the District; and the District has access to a majority of the funds held; and the funds that are accessible are also significant to the District

Based on the aforementioned criteria, the South Conejos School District RE-10 has no component units.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the District. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from services, or privileges provided by a given function or segment and
- 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 in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. The emphasis of fund financial statements is on major governmental funds each reported as a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements, imposed by the provider, are 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally 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.

The District reports the following major governmental funds:

- The ***General Fund*** is the general operating fund of the District. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The ***Governmental Designated Purpose Fund*** is used to record financial transactions for grants received for designated programs funded by federal, state, or local grantors.
- The ***Bond Redemption Fund*** is used to account for the accumulation of resources for and the payment of principal, interest, and related expenses on the long-term general obligation debt.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated.

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash

The District's cash and cash equivalents are considered to be cash in bank, certificates of deposit and liquid investments with maturity of three months or less.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

Cash with Fiscal Agent

Conejos County collects property taxes for the District and holds the funds in trust until sent to the District, generally on a monthly basis. The amount held by the County Treasurer is included as a receivable on the balance sheet and statement of net position.

Investments

All investments, if any, are recorded at fair market value.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The District's property taxes are collected by the County Treasurer who remits monthly receipts to the District. Property tax revenue is recognized when received by the County Treasurer.

Uncollected property taxes that became an enforceable lien January 1, 2020 have been recorded in the financial statements as an asset and a corresponding deferred inflows of resources.

Receivables/Payables From Other District Funds

Balances that originate from current lending/borrowing arrangements between funds are referred to as "Due To/From Other Funds".

Inventories

Purchased inventories are stated at cost and consist of supplies and food to be used within one year. Donated inventory is priced at the U.S. Department of Agriculture established values.

USDA Commodities

The Food Service Fund receives donated commodities to use in meal preparation from the U.S. Department of Agriculture. The value of these commodities received during the year is shown as income, and the value of commodities used is shown as expense.

Capital Assets

Capital Assets, which include land, land improvements, buildings and improvements, equipment, vehicles, and construction in progress are reported in the applicable governmental activities column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	10-20
Buildings and Improvements	5-35
Equipment	5-25
Vehicles	5-12

Long-Term Obligations

Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as an other financing source and debt payments are reported as debt service expenditures.

Compensated Absences

Employees of the District may accumulate sick leave up to 30 days. Upon retirement from the District, an employee will receive the certified substitute teacher's rate per day for each sick day accumulated. Employees leaving the District for any other reason will receive one-fourth the daily substitute rate for each sick day accumulated. A liability is accrued in the government-wide financial statements.

Unearned Grant Revenue

Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period.

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

Certain amounts related to pension and other postemployment benefits must be deferred.

Pension

The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund 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.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

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.

Other Postemployment Benefits (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.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

Fund balances are reported by classification based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the following five categories:

- *Nonspendable Fund Balance*- amounts that cannot be spent because they are not in spendable form, such as inventory and prepaid expenditures.
- *Restricted Fund Balance*- amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance*- amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of Education, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removed those constraints by taking the same type of action. Committed fund balances differ from restricted balances

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

- *Assigned Fund Balance*- amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Education or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance*- amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, and 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.

Encumbrances

The District does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are rebudgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

South Conejos School District RE-10 follows the procedures set forth in the Colorado School District Budget Law when preparing annual budgets for each fund. Budget procedures include:

- 1) Preparation of budget documents by administrative staff shall be submitted to the Board no later than June 1 of each year.
- 2) Publication of a notice stating that the budget is available for public inspection.
- 3) Discussion of the budget in a meeting open to the public.
- 4) Adoption of the budget in a public meeting by appropriate resolution.

Formal budgetary integration is employed as a management control device for all funds of the District. All fund budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The Board of Education adopted supplemental appropriations during fiscal year 2020.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget if applicable.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

Stewardship

Expenditures in the Food Service Fund exceeded appropriations by \$2,555 during fiscal year 2020. This may be a violation of Colorado Revised Statutes 22-44-115(1).

The District budgeted a negative fund balance in the Food Service Fund of \$69,389 as of June 30, 2020. This may be a violation of Colorado Revised Statutes 22-44-105 (1.5)(a).

The District did not adopt a resolution to appropriate funds in the Capital Reserve Capital Projects Fund in fiscal year 2020. This may be a violation of Colorado Revised Statutes 22-44-103. However, Colorado Revised Statutes 22-44-104 provides for an automatic assignment of 90% of the prior year budgeted amount, which amounted to \$220,162. This amount was reported in the financial statements.

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

A summary of Cash, Deposits, and Investments for the District are as follows:

Cash in Banks	\$ 3,375,086
Investments	
ColoTrust	11,694
Money Market- Zion's Bank	635,886
Total cash, deposits, and investments on the Statement of Net Position	\$ 4,022,666

Cash and Deposits

Colorado State Statutes govern the District’s deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, \$3,075,590 of the District’s bank balance of \$3,553,269 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

Investments

Colorado Statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. They include:

- 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

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

- Bankers' acceptance of certain banks
- Commercial paper holding the highest credit rating category and with a maturity within 180 days
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Corporate or bank debt issued by eligible corporations or banks

COLOTRUST is a money market investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. The pool operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities. COLOTRUST is rated AAAM by Standard and Poors, and maintains a constant net asset value of \$1 per share. Financial statements for COLOTRUST are available at www.colotrust.com. The total COLOTRUST investment was valued at \$11,694 at June 30, 2020.

Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligation. State statutes limit investments in U.S. Agency securities to the highest rating issued by National Recognized Statistical Rating Organizations (NRSROs).

Concentration of Credit Risk - The risk of loss attributed to the magnitude of a government's investment in a single issuer. The District has not established a policy limiting the investment in any type of security and deems it unnecessary at this time.

NOTE 4 PROPERTY TAXES RECEIVABLE

At June 30, 2020, the District had an estimated property tax receivable of \$93,818.

NOTE 5 DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

As of June 30, 2020, the District had \$67,488 due from Federal, State, and Local governments, reflected as Due from Other Governments in the accompanying basic financial statements.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Transfers

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

Transfer In	Transfer Out	Amount
Capital Projects Fund	General Fund	164,183
Food Service Fund	General Fund	33,499
Total		\$ 197,682

These transfers were made from the General Fund to supplement capital projects and food service funds.

NOTE 7 CAPITAL ASSETS

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

	Balance 6/30/2019	Additions	Deletions	Balance 6/30/2020
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 45,124	\$ -	\$ -	\$ 45,124
Construction in Progress	43,555	170,246	(213,801)	-
Total capital assets not being depreciated	88,679	170,246	(213,801)	45,124
Capital assets being depreciated				
Land Improvements	350,349	-	-	350,349
Buildings and Improvements	19,545,507	213,801	-	19,759,308
Equipment	13,633	22,842	-	36,475
Food Service Equipment	704	-	-	704
Vehicles	560,864	-	(96,952)	463,912
Total capital assets being depreciated	20,471,057	236,643	(96,952)	20,610,748
Less: Accumulated Depreciation for				
Land improvements	(33,937)	(14,340)	-	(48,277)
Buildings and Improvements	(1,569,496)	(392,937)	-	(1,962,433)
Equipment	(8,764)	(5,210)	-	(13,974)
Food Service Equipment	(704)	-	-	(704)
Vehicles	(488,755)	(8,248)	96,952	(400,051)
Total accumulated depreciation	(2,101,656)	(420,735)	96,952	(2,425,439)
Total Capital Assets being depreciated, net	18,369,401	(184,092)	-	18,185,309
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 18,458,080	\$ (13,846)	\$ (213,801)	\$ 18,230,433

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

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

Governmental activities:	
Instructional Program	\$ 392,937
Student Support Services	19,550
Student Transportation Services	8,248
Total depreciation expense – governmental activities	\$ 420,735

NOTE 8 ACCRUED SALARIES AND BENEFITS

The teachers, administrators, and the administrative staff are employed under nine, ten and eleven month contracts. All District employees are paid on a twelve-month basis, therefore, a difference exists between the actual amount of salaries earned under the contract and the amount paid. The difference between salaries earned and paid, including the District's share of benefits, has been accrued in the financial statements in the amount of \$250,950.

NOTE 9 LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

Long-term liability balances for the year ended June 30, 2020, were as follows:

	Balance 6/30/2019	Additions	Deletions	Balance 6/30/2020	Due within one year
Governmental Activities					
General Obligation Bonds	\$ 4,492,971	\$ -	\$ (221,270)	\$ 4,271,701	\$ 230,537
Compensated Absences	42,274	-	(10,933)	31,341	-
Total	\$ 4,535,245	\$ -	\$ (232,203)	\$ 4,303,042	\$ 230,537

General Obligation Bonds

In 2014, the District issued \$5,477,745 of general obligation bonds that were used for an escrow match to build the PK-12 school replacement. The district was awarded a Building Excellent Schools Today (BEST) lease-purchase grant requiring the escrow match. Principal is due annually on December 1, and interest at a rate of 4.18% is due semiannually on June 1, and December 1. Payments are made through the Bond Redemption Fund.

The annual debt service for the general obligation bonds are as follows:

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

	Principal	Interest	Total
FY 2021	\$ 230,537	\$ 174,064	\$ 404,601
FY 2022	240,191	164,207	404,398
FY 2023	250,250	153,938	404,188
FY 2024	260,730	143,238	403,968
FY 2025	271,649	132,091	403,740
FY 2026-2030	1,538,719	445,218	1,983,937
FY 2031-2034	1,479,625	158,086	1,637,711
	\$ 4,271,701	\$ 1,370,842	\$ 5,642,543

NOTE 10 DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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

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

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

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 in 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 of the DPS benefit structure employment will receive an annual increase of 1.25 percent unless

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adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. §24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lesser of an annual increase of 1.25 percent or the average 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.

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 SCHDT are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8.75 percent of their PERA-includable salary during the period of July 1, 2019 through June 30, 2020. Employer contribution requirements are summarized in the table below:

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

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

As specified in C.R.S. § 24-51-414, 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. 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.

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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 \$322,603, 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 the District contributions to the SCHDTF for the calendar year 2019 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2020, the District reported a liability of \$4,149,067 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:

South Conejos School District's proportionate share of the net pension liability	\$ 4,149,067
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the South Conejos School District	526,256
	\$ 4,675,323

At December 31, 2019 District's proportion was 0.0278 percent, which was a decrease of 0.001 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of (\$1,128,075) and revenue of \$41,379 for support from the State as a nonemployer contributing entity. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 226,127	\$ -
Changes of assumptions or other inputs	118,450	1,881,978
Net difference between projected and actual earnings on pension plan investments	-	491,498
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	904,646
Contributions subsequent to the measurement date	165,808	-
Total	\$ 510,385	\$ 3,278,122

\$165,808 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:

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Year Ended June 30,	
2021	\$ (1,645,935)
2022	(1,096,423)
2023	(23,994)
2024	(167,193)
2025	-
Thereafter	-

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following 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	1.25 percent compounded annually
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic) ¹	Financed by the Annual Increase Reserve

¹ For 2019, the annual increase was 0.00 percent.

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

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

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

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

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,

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actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

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

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant 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:

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

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

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

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

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- Employee contributions were assumed to be made at the current 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 will provide an annual direct distribution of \$225 million, which commenced July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the 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:

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	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 5,502,552	\$ 4,149,067	\$ 3,012,699

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

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

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 that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member’s years of service credit.

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 are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

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.

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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 on behalf of benefit recipients not covered by Medicare Part A.

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$17,977 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 \$204,027 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 District contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the District's proportion was 0.0182 percent, which was a decrease of 0.0006 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020 the District recognized OPEB expense of (\$12,391). At June 30, 2020, District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 677	\$ 34,284
Changes of assumptions or other inputs	1,693	-
Net difference between projected and actual earnings on OPEB plan investments	-	3,405
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	26,737
Contributions subsequent to the measurement date	9,724	-
Total	\$ 12,094	\$ 64,426

\$9,724 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.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2021	\$ (14,372)
2022	(14,372)
2023	(13,386)
2024	(11,484)
2025	(7,971)
Thereafter	(473)

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 for 2019, gradually increasing to 4.50 percent in 2029

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 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 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:

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

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

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

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

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

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

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

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

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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 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 cost assumptions were updated, and used in the measurement of the obligations for the HCTF:

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

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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:

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

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:

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	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 Part A 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	\$ 199,181	\$ 204,027	\$ 209,628

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

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

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	\$ 230,694	\$ 204,027	\$ 181,222

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

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

NOTE 12 DEFINED CONTRIBUTION PENSION PLAN

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions, and investment earnings. For the year ended June 30, 2020 program members contributed \$31,902 for the Voluntary Investment Program.

NOTE 13 JOINT VENTURES AND RELATED PARTIES

The District participates in the following entities. These joint ventures and related parties do not meet the criteria for inclusion within the reporting entity because the following entities:

- are financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- have a separate governing board from that of the District,
- have a separate management which is responsible for day-to-day operations and is accountable to the separate governing board,
- have governing boards and management with the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome for disposition of matters affecting the recipients of services provided, and
- have absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

San Luis Valley Board of Cooperative Educational Services (BOCES)

The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The Board of the BOCES is selected from the elected members of the District Boards. The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is approximately 7% at June 30, 2020. Complete separate financial statements may be obtained from BOCES.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 14 COMMITMENTS AND CONTINGENCIES

Grant Programs

The District participates in federal grant programs subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Litigation

The District is a party to various legal actions normally associated with governmental activities, the aggregate effect of which, in management's and legal counsel's opinion, would not be material to its financial statements.

COVID-19

In March of 2020, the COVID-19 virus was declared a global pandemic. Business continuity could be severely impacted for months or more, as significant and unprecedented measures to mitigate the consequences of the pandemic are undertaken. The Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted on March 27, 2020 to provide, among other things, funding for education. In May 2020, the School received \$295,024 of COVID Relief Funds (CRF) under the CARES Act, \$290,024 have been deferred to use in fiscal year 2021. These funding sources are to address the impact COVID-19 has had and continues to have on elementary and secondary schools. There are specific allowable uses for the funds. The funds cannot be used to supplement reductions to per pupil funding that has resulted from the downturn in the economy due to COVID-19. No adjustments have been made to these financial statements as the potential impact is unknown at this time.

NOTE 15 TABOR EMERGENCY RESERVE

Colorado voters passed an amendment to the State constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment.

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

On November 5, 1996 voters approved a ballot measure authorizing the District to collect, retain and expend all revenues including grants and other funds collected during 1996 and each subsequent year from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution, effective January 1, 1996, provided, however, that no property tax mill levy be increased at any time nor shall any new tax be imposed without the prior approval of the voters.

The amendment also requires that Emergency Reserves be established. These reserves must be at least three percent of fiscal year spending. This Emergency Reserve has been presented as restricted fund balance in the General Fund balance sheet and a restricted net position in the government-wide statement of net position. The entity is not allowed to use the Emergency Reserve to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 16 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

SOUTH CONEJOS SCHOOL DISTRICT RE-10

REQUIRED SUPPLEMENTARY INFORMATION

A budgetary comparison schedule is required for the General Fund and, if applicable, each of the District's major special revenue funds. In addition, pension and OPEB plan contributions and the District's proportionate share of the net pension and OPEB liabilities are required to supplement the basic financial statements.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Federal Sources	\$ 70,600	\$ 70,600	\$ 69,295	\$ (1,305)
State Sources	2,514,793	3,120,961	2,736,106	(384,855)
Intermediate Sources	-	-	10	10
Local Sources	813,836	686,713	787,493	100,780
TOTAL REVENUES	3,399,229	3,878,274	3,592,904	(285,370)
EXPENDITURES				
Instructional Program	1,390,017	2,104,448	1,600,188	504,260
Student Supporting Services	365,168	367,168	272,120	95,048
Instructional Staff Supporting Services	15,189	15,189	49,279	(34,090)
General Administration Supporting Services	350,702	350,702	323,311	27,391
School Administration Supporting Services	105,000	105,000	120,506	(15,506)
Business Supporting Services	10,000	10,000	10,603	(603)
Operations and Maintenance of Plant Services	285,600	285,600	244,031	41,569
Student Transportation Services	352,009	352,009	95,960	256,049
Central Supporting Services	198,919	198,919	144,640	54,279
Other Supporting Services	12,000	12,000	13,583	(1,583)
TOTAL EXPENDITURES	3,084,604	3,801,035	2,874,221	926,814
Excess (deficiency) of revenues over expenditures	314,625	77,239	718,683	641,444
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds	(314,625)	(55,861)	(197,682)	(141,821)
TOTAL OTHER FINANCING SOURCES (USES)	(314,625)	(55,861)	(197,682)	(141,821)
Net Change in Fund Balance	-	21,378	521,001	499,623
Fund Balance, Beginning of Year	-	2,546,120	2,247,269	(298,851)
Fund Balance, End of Year	\$ -	\$ 2,567,498	\$ 2,768,270	\$ 200,772

Notes to the Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GOVERNMENTAL DESIGNATED PURPOSE FUND
For the Year Ended June 30, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Federal Sources	\$ 260,343	\$ 300,785	\$ 265,551	\$ (35,234)
TOTAL REVENUES	260,343	300,785	265,551	(35,234)
EXPENDITURES				
Instructional Program	155,452	192,073	180,777	11,296
Student Support Services	11,887	15,708	13,475	2,233
Instructional Support Services	93,004	93,004	71,300	21,704
General Administration Support Services	-	-	-	-
Central Supporting Services	-	-	-	-
TOTAL EXPENDITURES	260,343	300,785	265,552	35,233
Excess (deficiency) of revenues over expenditures	-	-	(1)	1
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	-	-	(1)	1
Fund Balance, Beginning of Year	-	87,503	-	(87,503)
Fund Balance, End of Year	\$ -	\$ 87,503	\$ (1)	\$ (87,504)

Notes to the Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0277719391%	0.0287751278%	0.0348434583%	0.0377331817%	0.0391960844%	0.0423292687%	0.0432666900%
District's proportionate share of the net pension liability (asset)	\$ 4,149,067	\$ 5,095,227	\$ 11,267,136	\$ 11,234,627	\$ 5,994,764	\$ 5,737,038	\$ 5,518,655
State's proportionate share of the net pension liability(asset) associated with the District	<u>526,256</u>	<u>696,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,675,323</u>	<u>\$ 5,791,929</u>	<u>\$ 11,267,136</u>	<u>\$ 11,234,627</u>	<u>\$ 5,994,764</u>	<u>\$ 5,737,038</u>	<u>\$ 5,518,655</u>
District's covered payroll	\$ 1,632,144	\$ 1,517,283	\$ 1,607,291	\$ 1,693,533	\$ 1,708,157	\$ 1,773,292	\$ 1,744,216
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	254%	336%	701%	663%	351%	324%	316%
Plan fiduciary net position as a percentage of the total pension liability	64.5%	57.0%	44.0%	43.1%	59.2%	62.8%	64.1%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 322,603	\$ 297,133	\$ 290,726	\$ 308,541	\$ 301,153	\$ 290,878	\$ 286,878
Contributions in relation to the contractually required contribution	<u>(322,603)</u>	<u>(297,133)</u>	<u>(290,726)</u>	<u>(308,541)</u>	<u>(301,153)</u>	<u>(290,878)</u>	<u>(286,878)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,669,516	\$ 1,553,233	\$ 1,543,005	\$ 1,678,342	\$ 1,697,751	\$ 1,722,369	\$ 1,792,860
Contributions as a percentage of covered payroll	19.32%	19.13%	18.84%	18.38%	17.74%	16.89%	16.00%

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PERA HEALTHCARE TRUST FUND
For the Years Ended June 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.0181519117%	0.0187039927%	0.0197979648%	0.0214479993%
District's proportionate share of the net OPEB liability (asset)	\$ 204,027	\$ 254,476	\$ 257,367	\$ 278,081
District's covered payroll	\$ 1,632,144	\$ 1,517,283	\$ 1,607,291	\$ 1,693,533
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	13%	17%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	24.49%	17.03%	17.53%	20.00%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA HEALTHCARE TRUST FUND
For the Years Ended June 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 17,977	\$ 15,843	\$ 15,739	\$ 17,119	\$ 17,317	\$ 17,568
Contributions in relation to the contractually required contribution	<u>(17,977)</u>	<u>(15,843)</u>	<u>(15,739)</u>	<u>(17,119)</u>	<u>(17,317)</u>	<u>(17,568)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,669,516	\$ 1,553,233	\$ 1,543,005	\$ 1,678,342	\$ 1,697,751	\$ 1,722,353
Contributions as a percentage of covered payroll	1.08%	1.02%	1.02%	1.02%	1.02%	1.02%

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
For the Year Ended June 30, 2020

NOTE 1 NET PENSION LIABILITY

Changes in assumptions or other inputs effective for the December 31st measurement period for the following years ended:

- 2019 The post-retirement benefit increases to the PERA benefit structure for those hired prior to 1/1/07 was changed from 0% through 2019 and 1.5% compounded annually thereafter, to 1.25%.
- 2018 The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.78%
- 2017 The discount rate was lowered from 5.26% to 4.78%.
- 2016
- The price inflation assumption was lowered from 2.80% to 2.40%.
 - The long-term expected rate of return assumption was lowered from 7.50% to 7.25% per year.
 - The wage inflation assumption was lowered from 3.90% to 3.50%.
 - The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for actively working people, RP-2014 Healthy Annuitant Mortality Table projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
 - The discount rate was lowered from 7.50% to 5.26%.
- 2015 There were no changes in assumptions or other inputs this measurement period compared to the prior year.

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS LIABILITY

Changes in assumptions or other inputs effective for the December 31st measurement period for the following years ended:

- 2019
- The PERA benefit structure for PERACare Medicare plans was revised from 5.00 percent to 5.60 percent in 2019, gradually decreasing to 4.5 percent in 2019.
 - The PERA benefit structure for Medicare Part A premiums was revised from 3.25 percent for 2018. Gradually rising to 5.00 percent in 2025 to .5 percent in 2019, gradually increasing to 4.5 percent in 2029.
 - The monthly cost/premium assumed for the PERA benefit structure were revised from the following in 2018:

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
For the Year Ended June 30, 2020

	Cost for Members without Medicare Part A	Premiums for Members without Medicare part A
Medicare Plan		
Self-Funded Medicare Supplement Plans	\$ 736	\$ 367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
United Healthcare Medicare HMO	686	213

	Cost for Members without Medicare Part A	Premiums for Members without Medicare part A
to the following in 2019:		
Medicare Plan		
Medicare Advantage/Self-Insured Prescription	\$ 601	\$ 240
Kaiser Permanente Medicare Advantage HMO	605	237

The Medicare Part A premium was increased from \$422 to \$437 per month.

The initial expected value of Medicare Part A benefits were revised from the following in 2018:

	Cost for Members without Medicare Part A
Medicare Plan	
Self-Funded Medicare Supplement Plans	\$ 289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
United Healthcare Medicare HMO	400

	Cost for Members without Medicare Part A
to the following in 2019:	
Medicare Plan	
Medicare Advantage/Self-Insured Prescription	\$ 562
Kaiser Permanente Medicare Advantage HMO	571

2018 There were no changes in assumptions or other inputs effective this measurement period compared to the prior year.

2017 The Medicare Part A premiums were raised from 3.00% to 3.25%, as well as the gradual percentage rose from 4.25% in 2023 to 5.00% in 2025.

SOUTH CONEJOS SCHOOL DISTRICT RE-10

SUPPLEMENTARY INFORMATION

The combining and individual fund financial schedules represent the second level of financial reporting for the District. These schedules present more detailed information for the individual funds in a format that segregates information by fund type.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Food Service Fund – This fund is used to account for the operations of the school breakfast and lunch programs. Revenues are derived from federal and state food service grants, District contributions, and student and adult charges.

Pupil Activity Fund – Used to record financial transactions related to school-sponsored pupil intrascholastic and interscholastic athletic and other related activities. These activities are supported in whole or in part by revenues from pupils, gate receipts, and other fundraising activities.

CAPITAL PROJECTS FUND

Capital Reserve Capital Projects Fund – Used to account for the purposes and limitations specified by Section 22-45-103(1)(c), C.R.S., including the acquisition of sites, buildings, equipment, and vehicles.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	SPECIAL REVENUE			
	FUNDS			
	FOOD		CAPITAL RESERVE	TOTAL
	SERVICE	PUPIL ACTIVITY	CAPITAL PROJECTS	NONMAJOR
FUND	FUND	FUND	GOVERNMENTAL	
ASSETS				
Cash and Cash Equivalents	\$ 13,592	\$ 122,808	\$ -	\$ 136,400
Due from Other Governments	8,226	-	-	8,226
Inventory	1,841	-	-	1,841
TOTAL ASSETS	\$ 23,659	\$ 122,808	\$ -	\$ 146,467
LIABILITIES				
Accounts Payable	\$ (35)	\$ -	\$ -	\$ (35)
Accrued Salaries and Benefits	16,993	-	-	16,993
Due to Other Funds	-	-	-	-
TOTAL LIABILITIES	16,958	-	-	16,958
FUND BALANCE				
Nonspendable - Inventory	1,841	-	-	1,841
Committed Fund Balance			-	
Food Service	4,860	-	-	4,860
Pupil Activity	-	122,808	-	122,808
Capital Projects	-	-	-	-
TOTAL FUND BALANCE	6,701	122,808	-	129,509
TOTAL LIABILITIES AND FUND BALANCE	\$ 23,659	\$ 122,808	\$ -	\$ 146,467

SOUTH CONEJOS SCHOOL DISTRICT RE-10
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	SPECIAL REVENUE			
	FUNDS			
	FOOD SERVICE FUND	PUPIL ACTIVITY FUND	CAPITAL RESERVE CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL
REVENUES				
Federal Sources	\$ 100,289	\$ -	\$ -	\$ 100,289
State Sources	754	-	-	754
Local Sources	14,644	25,759	-	40,403
TOTAL REVENUES	<u>115,687</u>	<u>25,759</u>	<u>-</u>	<u>141,446</u>
EXPENDITURES				
Instructional Program	-	29,112	-	29,112
Food Services	168,036	-	-	168,036
Facilities Acquisition and Construction	-	-	171,385	171,385
TOTAL EXPENDITURES	<u>168,036</u>	<u>29,112</u>	<u>171,385</u>	<u>368,533</u>
Excess (deficiency) of revenues over expenditures	<u>(52,349)</u>	<u>(3,353)</u>	<u>(171,385)</u>	<u>(227,087)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	33,499	-	164,183	197,682
TOTAL OTHER FINANCING SOURCES (USES)	<u>33,499</u>	<u>-</u>	<u>164,183</u>	<u>197,682</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(18,850)	(3,353)	(7,202)	(29,405)
Fund Balance, Beginning of Year	<u>25,551</u>	<u>126,161</u>	<u>7,202</u>	<u>158,914</u>
Fund Balance, End of Year	<u>\$ 6,701</u>	<u>\$ 122,808</u>	<u>\$ -</u>	<u>\$ 129,509</u>

SOUTH CONEJOS SCHOOL DISTRICT RE-10
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOOD SERVICE FUND
For the Year Ended June 30, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 2,151	\$ 9,638	\$ 14,644	\$ 5,006
State Sources	13,718	15,850	754	(15,096)
Federal Sources	98,278	84,132	100,289	16,157
TOTAL REVENUES	114,147	109,620	115,687	6,067
EXPENDITURES				
Food Service	184,147	165,481	168,036	(2,555)
TOTAL EXPENDITURES	184,147	165,481	168,036	(2,555)
Excess (deficiency) of revenues over expenditures	(70,000)	(55,861)	(52,349)	(3,512)
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	70,000	55,861	33,499	22,362
TOTAL OTHER FINANCING SOURCES (USES)	70,000	55,861	33,499	22,362
Net Change in Fund Balance	-	-	(18,850)	(18,850)
Fund Balance, Beginning of Year	-	(69,389)	25,551	94,940
Fund Balance, End of Year	\$ -	\$ (69,389)	\$ 6,701	\$ 76,090

Notes to the Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
PUPIL ACTIVITY FUND
For the Year Ended June 30, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 80,400	\$ 80,400	\$ 25,759	\$ (54,641)
TOTAL REVENUES	<u>80,400</u>	<u>80,400</u>	<u>25,759</u>	<u>(54,641)</u>
EXPENDITURES				
Instructional Program	<u>80,400</u>	<u>80,400</u>	<u>29,112</u>	<u>51,288</u>
TOTAL EXPENDITURES	<u>80,400</u>	<u>80,400</u>	<u>29,112</u>	<u>51,288</u>
Net Change in Fund Balance	-	-	(3,353)	(3,353)
Fund Balance, Beginning of Year	<u>-</u>	<u>126,169</u>	<u>126,161</u>	<u>(8)</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 126,169</u>	<u>\$ 122,808</u>	<u>\$ (3,361)</u>

SOUTH CONEJOS SCHOOL DISTRICT RE-10
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL RESERVE CAPITAL PROJECTS FUND
For the Year Ended June 30, 2020

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Local Sources	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Facilities Acquisition and Construction	<u>220,162</u>	<u>220,162</u>	<u>171,385</u>	<u>48,777</u>
TOTAL EXPENDITURES	<u>220,162</u>	<u>220,162</u>	<u>171,385</u>	<u>48,777</u>
Excess (deficiency) of revenues over expenditures	<u>(220,162)</u>	<u>(220,162)</u>	<u>(171,385)</u>	<u>(48,777)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	<u>220,162</u>	<u>220,162</u>	<u>164,183</u>	<u>55,979</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>220,162</u>	<u>220,162</u>	<u>164,183</u>	<u>55,979</u>
Net Change in Fund Balance	-	-	(7,202)	(7,202)
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>7,202</u>	<u>7,202</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTH CONEJOS SCHOOL DISTRICT RE-10
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
BOND REDEMPTION FUND
For the Year Ended June 30, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 507,822	\$ 507,822	\$ 384,863	\$ (122,959)
TOTAL REVENUES	<u>507,822</u>	<u>507,822</u>	<u>384,863</u>	<u>(122,959)</u>
EXPENDITURES				
General Administration Support Services	-	-	750	(750)
Debt Service	507,822	507,822	404,794	103,028
TOTAL EXPENDITURES	<u>507,822</u>	<u>507,822</u>	<u>405,544</u>	<u>102,278</u>
Net Change in Fund Balance	-	-	(20,681)	(20,681)
Fund Balance, Beginning of Year	<u>-</u>	<u>615,316</u>	<u>687,219</u>	<u>71,903</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 615,316</u>	<u>\$ 666,538</u>	<u>\$ 51,222</u>

SOUTH CONEJOS SCHOOL DISTRICT RE-10

CDE COMPLIANCE SECTION

**REPORT ON COMPLIANCE WITH
CDE-FINANCIAL POLICIES AND PROCEDURES MANUAL**



Wall,
Smith,
Bateman Inc.

To the Board of Education
South Conejos School District RE-10
Antonito, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South Conejos School District RE-10 (the District), as of and for the year ended June 30, 2020, which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated December 18, 2020.

In connection with our audit, three items came to our attention that caused us to believe that the District failed to comply with the Colorado Department of Education Financial Policies and Procedures Manual insofar as it relates to accounting matters.

- The District's expenditures in the Food Service Fund exceeded budgeted appropriations by \$2,555. This may be a violation of Colorado Revised Statutes 22-44-115(1).
- The District budgeted a negative ending fund balance in the Food Service Fund. This may be a violation of Colorado Revised Statutes 22-44-105(1.5)(a).
- The District did not adopt a resolution to appropriate funds in the Capital Reserve Capital Projects Fund. This may be a violation of Colorado Revised Statutes 22-44-103. However, Colorado Revised Statutes 22-44-104 provides for an automatic assignment of 90% of the prior year budgeted amount, which amounted to \$220,162. This amount was reported in the financial statements.

However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the Board of Education and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.

December 18, 2020

Certified Public Accountants

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com



Colorado Department of Education
Auditors Integrity Report
 District: 0580 - South Conejos RE-10
 Fiscal Year 2019-20
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	2,247,267	3,395,223	2,874,220	2,768,270
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	2,247,267	3,395,223	2,874,220	2,768,270
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	25,551	149,186	168,036	6,700
22 Govt Designated-Purpose Grants Fund	-1	265,552	265,552	0
23 Pupil Activity Special Revenue Fund	126,160	25,759	29,112	122,807
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	687,219	384,863	405,544	666,538
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	7,202	164,183	171,385	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	3,093,399	4,384,766	3,913,850	3,564,315
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

FINAL