

South Routt School District RE-3

Financial Report

June 30, 2020



South Routt School District RE-3

**South Routt School District RE-3
Financial Report
June 30, 2020**

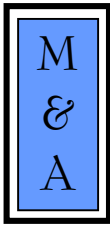
Table of Contents

	Page
INDEPENDENT AUDITOR'S REPORT	A1 – A3
Management’s Discussion and Analysis	B1 – B7
Basic Financial Statements:	
District-wide Financial Statements:	
Statement of Net Position	C1
Statement of Activities	C2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	C3
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	C4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	C5
Reconciliation of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C6
Statement of Fiduciary Assets and Liabilities – Agency Fund	C7
Notes to the Financial Statements	D1 – D39
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis – General Fund	E1
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis – General Fund	E2
Schedule of District’s Proportionate Share of the Net Pension Liability	E3
Schedule of District’s Pension Contributions	E4
Schedule of District’s Proportionate Share of the Net Other Post-Employment Benefits Liability	E5
Schedule of District’s Other Post-Employment Benefits Contributions	E6
Notes to the Required Supplementary Information	E7 – E9

**South Routt School District RE-3
Financial Report
June 30, 2020**

**Table of Contents
(Continued)**

	Page
Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Debt Service Fund	F1
Capital Reserve Fund	F2
Pupil Activity Agency Fund	F3
Endowment Promotion Fund	F4
Auditor’s Electronic Financial Data Integrity Check Figures	F5



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT AUDITOR'S REPORT

**To the Board of Education
South Routt School District RE-3
Oak Creek, Colorado**

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South Routt School District RE-3, (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

INDEPENDENT AUDITOR'S OPINION
To the Board of Education
South Routt School District RE-3

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Routt School District RE-3 as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B, and the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Pension Contributions, the Schedule of District's Proportionate Share of Net Other Post-Employment Benefits, the Schedule of District Other Post-Employment Benefits Contributions, and the Notes to the Required Supplemental Information in Section E, 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.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements taken as whole. The combining fund financial statements, individual budgetary schedules, and the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures listed in the accompanying table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements, the individual budgetary schedules, and the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the finance statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
December 30, 2020

South Routt School District RE-3
Management's Discussion and Analysis



South Routt School District RE-3

Management Discussion and Analysis

As management of **South Routt School District RE-3** (the "District"), we offer readers of the District's annual financial report this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the District's financial statement, which follow this section.

Financial Highlights

The District had the following financial results in 2020:

- The District's General Fund balance at the end of fiscal year 2020 was \$2,826,401. This is an increase from the prior year of \$653,279.
- The District's ending General Fund balance consists of 49% of the current year expenditures and transfers out of \$5,749,379.

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the 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, in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of activities.

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

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. Changes in net position are reported as soon as the underlying event effecting the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and changes in long-term compensated absences).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The category that is reported in the District-wide financial statements is as follows:

- **Governmental activities:** All of the District's basic services are included here, such as instructional services, support services, food services, and student activities.

The government-wide financial statements can be found on pages C1 and C2 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the operations of the District by fund instead of the District as a whole. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Government Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.

The District's most significant, or "major" governmental funds include the General Fund, the Food Service Fund, the Debt Service Fund, and the Capital Reserve Fund.

The District adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for all funds to demonstrate compliance with state budget statutes.

The basic major governmental fund statements start on page C3.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because these sources of funds are not available to support the district's direct educational programs. The Fiduciary Fund used by the district accounts for student athletics and other organizations which exist with the explicit approval of, and are subject to revocation by the district's Board of Education.

Notes to the Financial Statements

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the District's budget for the year.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a district's financial position. For the year ended June 30, 2020, the District's total net position was \$660,316, which included the District's net pension liability of \$8,298,268 and net other post-employment benefits ("OPEB") liability of \$407,873. The net pension and OPEB liabilities are the District's proportionate share of the School Division Trust Fund pension liability and Health Care Trust Fund's collective OPEB liability, respectively, administered by the Public Employees' Retirement Association of Colorado. This was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total pension and OPEB liabilities to December 31, 2019.

The assets of the District are classified as current assets and capital assets. Current assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the result of the property tax process, with the majority of these taxes received in March, May, and June.

Capital assets are made up of land, construction in progress, buildings, and equipment/vehicles. Current and long-term liabilities are classified based upon anticipated liquidation, either in the near-term or in the future.

Summary of Net Position

The following table provides a summary of the District's net position as of the fiscal year ended June 30, 2020.

South Routt School District RE-3's Net Position

	Governmental Activities	
	2020	2019
Assets:		
Current and other assets	\$ 5,661,935	4,780,792
Capital assets, net	8,574,140	8,766,172
Total Assets	14,236,075	13,546,964
 Deferred outflow of resources	 35,111	 2,852,182
 Liabilities:		
Other liabilities	991,961	1,793,459
Long-term liabilities	10,014,651	10,790,722
Total Liabilities	11,006,612	12,584,181
 Deferred inflow of resources	 3,924,890	 7,160,952
 Net Position:		
Invested in capital assets, net of related debt	7,374,990	6,029,947
Restricted	1,805,441	1,660,983
Unrestricted	(9,840,747)	(11,036,917)
Total Net Position	\$ (660,316)	(3,345,987)

Of the District's total assets, 60% are capital assets (e.g. land, buildings, and equipment). The District uses these assets to provide instruction and related services to its students.

Summary of Activities

Net position for governmental activities increased by \$2,685,671. The following graph summarizes the District's change in net position:

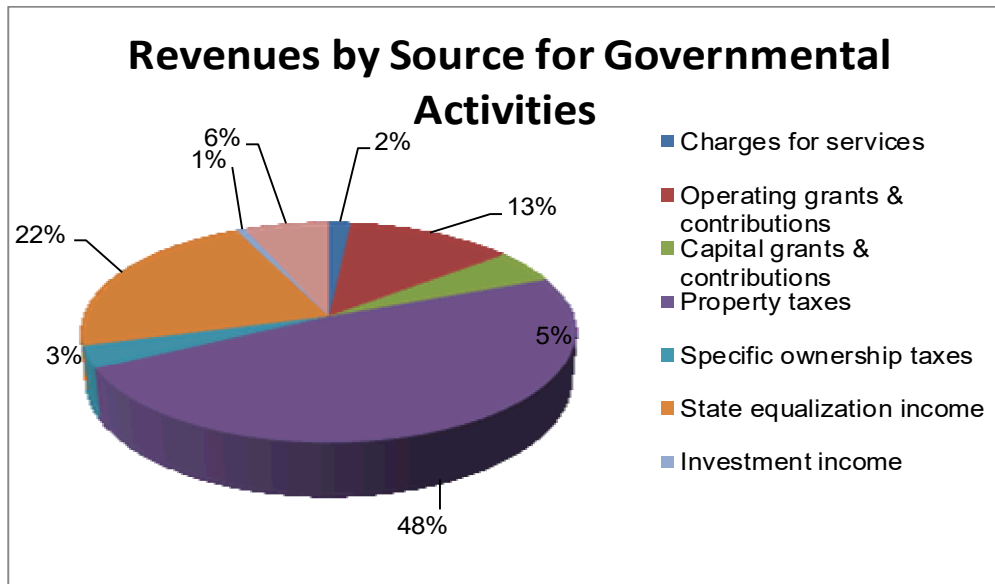
South Routt School District RE-3's Net Position

	Governmental Activities	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$ 135,164	258,286
Operating grants & contributions	1,018,399	1,116,240
Capital grants & contributions	393,614	337,152
General revenues:		
Property taxes	3,897,285	3,783,670
Specific ownership taxes	263,234	247,302
State equalization income	1,789,632	1,761,032
Grants and contributions not restricted to specific programs	514,707	65,952
Investment income	54,849	68,986
Gain on disposal of assets	-	4,113
Total Revenues	8,066,884	7,642,733
Expenses:		
Direct instruction	3,240,318	3,147,646
Indirect instruction	454,496	189,507
General administration	466,201	478,622
Support services	242,505	339,018
Custodial and maintenance	555,383	1,568,036
Transportation	218,643	192,641
Food service	164,201	184,902
Interest on long-term debt	39,466	55,447
Total Expenses	5,381,213	6,155,819
Change in Net Position	2,685,671	1,486,914
Net Position - Beginning of Year	(3,345,987)	(4,832,901)
Net Position - End of Year	\$ (660,316)	(3,345,987)

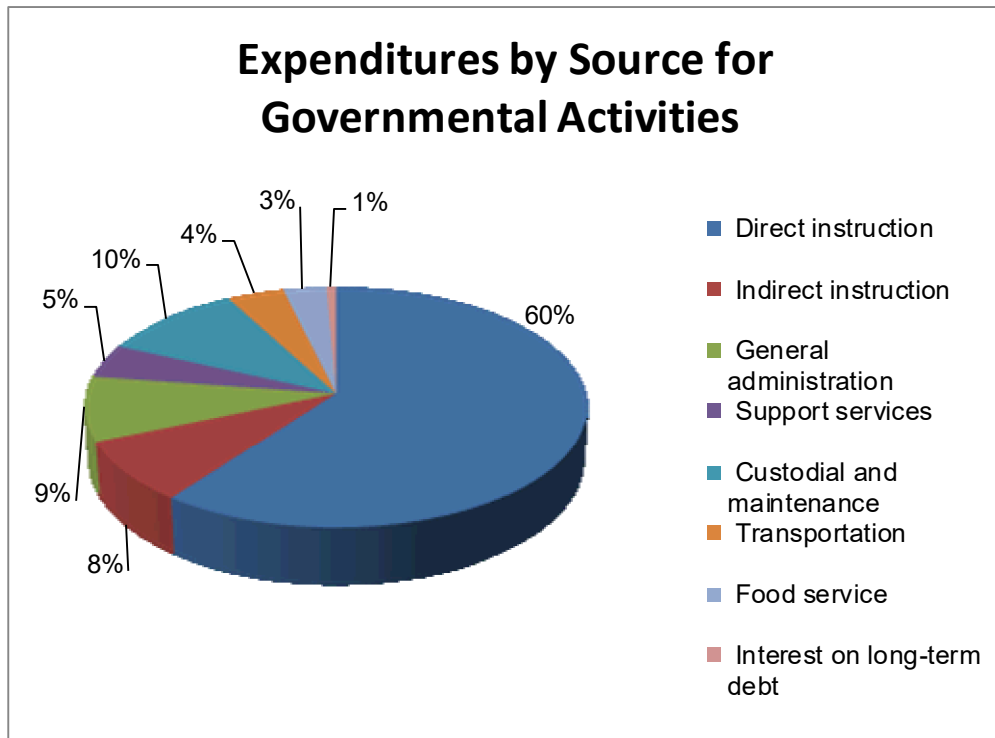
Property taxes, specific ownership tax, and per pupil state formula revenue (School Finance Act-State Equalization) account for most of the District's revenue. The remainder comes from grants and contributions with the remainder from fees charged for services and miscellaneous sources.

The District's expenses predominantly relate to instruction and support services, which include support for students and instructional staff, administration, operations and maintenance, and transportation. Given that the District is a service organization providing education services to students, the majority of the expenses are paid in the form of compensation (salaries and benefits) to the District's employees.

The following chart displays the revenues by source for the total District:



The following chart displays the expenses by source for the total District:



Financial Analysis of the District's Funds: As mentioned 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. Such information is useful in assessing the District's financing requirements. In particular, unassigned balances may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year. The District did increase its unassigned balance, or fund balance, at the end of this fiscal year; a focus must be made to make an increase each year to that balance to ensure the fiscal health of the District.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$4,411,243. This is an increase of \$797,577 from the prior year ending fund balances. The increase mainly relates to increases in grants and contributions.

General Fund Budgetary Highlights: The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund. The original budget is prepared based on a conservative estimate of enrolled students. This guarantees the District does not overstaff or overextend its financial capabilities. The District's student count experiences significant fluctuations due largely to changes in the local coal and ranching industry. The District budgeted a large contingency to ensure the District was able to stay "live within the District's means".

Capital Assets: The District's investment in capital assets for governmental activities as of June 30, 2020 amounts to \$8,574,140, (net accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, equipment, and vehicles.

Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statement section of this report.

Long-Term Debt: As of June 30, 2020, the District had an outstanding debt of \$10,014,651 consisting of the District's net pension and OPEB liabilities, general obligation bonds, and compensated absences payable. The District's net pension liability decreased \$731,266 from the previous year.

Additional information as well as a detailed classification of the District's long-term liabilities can be found in the Notes to the Financial Statement section of this report.

Economic Factors: The Public School Finance Act is the largest source of revenue for the District's operating funds. The School Finance Act calculates per-pupil funding by school District based upon a formula that takes into consideration the cost of living, number of students, District size, personnel vs. non-personnel, and number of at-risk students. The purpose of this act was to establish a financial base of support for public education, to move towards a uniform mill levy tax statewide for all Districts, and to limit future growth of and reliance upon property tax to support public education. Funding sources for the School Finance Act is derived by the following formula:

Total Program Funding = local property taxes + general specific ownership taxes + state equalization.

Next Year's Budget and Rates: The District's General Fund balance at the end of fiscal year 2020 was \$2,826,401. The District budgeted revenues to cover budgeted expenditures in the General Fund for fiscal year 2021.

Request for Information:

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information in this report or requests for additional financial information should be addressed to:

South Routt School District RE-3
Finance/Business Manager
P.O. Box 158
Oak Creek, CO 80467

South Routt School District RE-3

Basic Financial Statements



South Routt School District RE-3
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets:	
Current Assets:	
Cash and cash equivalents	248,837
Investments	4,984,719
Accounts receivable, net:	
Taxes	403,545
Other	16,575
Inventory	8,259
Total Current Assets	5,661,935
Capital Assets:	
Land	1,082,075
Land improvements	670,719
Construction in progress	50,724
Buildings and improvements	22,032,908
Vehicles and equipment	1,239,644
Less: Accumulated depreciation	(16,501,930)
Total Capital Assets	8,574,140
Total Assets	14,236,075
Deferred Outflows of Resources	
Deferred charge on refunding	35,111
Total Deferred Outflows of Resources	35,111
Liabilities:	
Current Liabilities:	
Accounts payable and accrued expenses	144,253
Accrued compensation	546,226
Unearned revenue	298,972
Accrued interest	2,510
Total Current Liabilities	991,961
Noncurrent Liabilities:	
Accrued compensated absences	74,249
Bonded debt:	
Due within one year	785,000
Due in more than one year	449,261
Net pension liability	8,298,268
Net other post-employment benefits liability	407,873
Total Noncurrent Liabilities	10,014,651
Total Liabilities	11,006,612
DEFERRED INFLOWS OF RESOURCES:	
Deferred property taxes	132,455
Related to pension	3,774,053
Related to other post-employment benefits ("OPEB")	18,382
Total deferred inflows of resources	3,924,890
Net Position:	
Net investment in capital assets	7,374,990
Restricted for:	
Emergencies	226,000
Multi-year obligations	107,151
Debt service	1,472,290
Unrestricted	(9,840,747)
Total net position	(660,316)

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

**South Routt School District RE-3
Statement of Activities
For the Year Ended June 30, 2020**

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:					
Direct instruction	3,240,318	76,495	811,301	219,417	(2,133,105)
Indirect instruction	454,496	-	-	-	(454,496)
General administration	466,201	-	-	-	(466,201)
Support services	242,505	-	-	174,197	(68,308)
Custodial and maintenance	555,383	-	-	-	(555,383)
Transportation	218,643	-	66,702	-	(151,941)
Food service	164,201	58,669	62,443	-	(43,089)
Community service	-	-	77,953	-	77,953
Interest on long-term debt	39,466	-	-	-	(39,466)
Total governmental activities	<u>5,381,213</u>	<u>135,164</u>	<u>1,018,399</u>	<u>393,614</u>	<u>(3,834,036)</u>
General revenues:					
Taxes:					
Property taxes - Levied for general operations					3,077,819
Property taxes - Levied for debt service					819,466
Specific ownership taxes					263,234
State equalization income					1,789,632
Grants and contributions not restricted to specific programs					514,707
Investment income					54,849
Total general revenues					<u>6,519,707</u>
Change in net position					2,685,671
Net Position - Beginning					<u>(3,345,987)</u>
Net Position - Ending					<u>(660,316)</u>

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

South Routt School District RE-3
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Debt Service Fund	Capital Reserve Fund	Food Service Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	150,351	-	-	98,486	248,837
Investments	3,061,335	1,470,622	452,762	-	4,984,719
Accounts receivable, net:					
Taxes	209,023	65,736	-	-	274,759
Other	12,556	-	-	4,019	16,575
Due from other funds	425,900	-	-	-	425,900
Inventories	-	-	-	8,259	8,259
Total Assets	3,859,165	1,536,358	452,762	110,764	5,959,049
Liabilities:					
Accounts payable and accrued expenses	112,764	-	31,451	38	144,253
Accrued salaries	535,194	-	-	11,032	546,226
Due to other funds	-	22,763	317,018	86,119	425,900
Unearned revenue	293,656	-	-	5,316	298,972
Total Liabilities	941,614	22,763	348,469	102,505	1,415,351
Deferred Inflows of Resources:					
Unavailable property taxes	91,150	41,305	-	-	132,455
Fund Balances:					
Non-spendable:					
Inventories	-	-	-	8,259	8,259
Restricted:					
TABOR	226,000	-	-	-	226,000
Multi-year obligations	107,151	-	-	-	107,151
Debt service	-	1,472,290	-	-	1,472,290
Committed:					
Capital projects	-	-	104,293	-	104,293
Unassigned	2,493,250	-	-	-	2,493,250
Total Fund Balances	2,826,401	1,472,290	104,293	8,259	4,411,243
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	3,859,165	1,536,358	452,762	110,764	5,959,049

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

South Rount School District RE-3
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2020

Governmental Funds Total Fund Balance	4,411,243	
<i>Add:</i>		
Property taxes receivable will be collected this calendar year, but are not available soon enough to pay for the current period's expenditures and therefore, are deferred in the funds.	128,785	
Capital assets used in governmental activities are not considered current financial resources and therefore, are not reported in the governmental funds:		
Capital assets	25,076,070	
Accumulated depreciation	<u>(16,501,930)</u>	8,574,140
collective pension and OPEB amounts, differences between actual and expected experience and investment earnings, and differences between actual and annualized contributions to the pension plan and Health Care Trust Fund are recorded as deferred inflows or outflows of resources and amortized over the average remaining service life of all active and inactive plan members:		
Net Unamortized Pension-related Deferred Outflows and Inflows	(3,774,053)	
Net Unamortized OPEB-related Deferred Outflows and Inflows	<u>(18,382)</u>	(3,792,435)
<i>Less:</i>		
Deferred charges such as deferred refunding costs, and premiums and discounts on bonded debt, are treated as current transactions on the fund financial statements, but are capitalized and amortized on the Statement of Net Position:		
Deferred refunding costs	35,111	
Premiums and discounts on bonded debt	<u>(29,261)</u>	5,850
Long-term liabilities, including bonds payable, net pension and OPEB liability, accrued compensated absences, leases payable, and accrued interest are not due and payable in the current period and therefore, are not reported in the funds. This is the amount of District long-term liabilities:		
Bonds payable	(1,205,000)	
Net pension liability	(8,298,268)	
Net OPEB liability	(407,873)	
Accrued compensated absences and early retirement	(74,248)	
Accrued interest	<u>(2,510)</u>	<u>(9,987,899)</u>
Governmental Activities Net Position		<u><u>(660,316)</u></u>

The accompanying notes are an integral part of these statements.

South Routt School District RE-3
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Debt Service Fund	Capital Reserve Fund	Food Service Fund	Total Governmental Funds
Revenues:					
Local sources	4,092,946	843,920	7,546	58,674	5,003,086
Federal sources	249,883	-	-	56,356	306,239
State sources	2,451,046	-	393,614	6,087	2,850,747
Total Revenues	6,793,875	843,920	401,160	121,117	8,160,072
Expenditures:					
Direct instruction	3,155,244	-	-	-	3,155,244
Indirect instruction	551,014	-	-	-	551,014
General administration	638,302	-	-	-	638,302
Support services	243,199	-	-	-	243,199
Custodial and maintenance	632,863	-	-	-	632,863
Transportation	277,758	-	-	-	277,758
Food service	-	-	-	192,803	192,803
Capital outlay	104,967	-	715,058	2,246	822,271
Debt service:					
Principal	-	770,000	-	-	770,000
Interest and fiscal charges	-	37,825	-	-	37,825
Total Expenditures	5,603,347	807,825	715,058	195,049	7,321,279
Excess (Deficiency) of Revenues Over Expenditures	1,190,528	36,095	(313,898)	(73,932)	838,793
Other Financing Sources (Uses)					
Contributions to Pupil Activity Fund	(41,216)	-	-	-	(41,216)
Transfers in (out)	(496,033)	-	350,000	146,033	-
Total Other Financing Sources (Uses)	(537,249)	-	350,000	146,033	(41,216)
Net Change in Fund Balance	653,279	36,095	36,102	72,101	797,577
Fund Balance - Beginning of Year	2,173,122	1,436,195	68,191	(63,842)	3,613,666
Fund Balance - End of Year	2,826,401	1,472,290	104,293	8,259	4,411,243

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

South Rount School District RE-3
Reconciliation of Revenues, Expenditures and Change in Fund Balances
of Governmental Funds to the Statement of Activities
June 30, 2020

Governmental Funds Change in Fund Balances	797,577
<i>Add:</i>	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlays reported as expenditures in the governmental funds.	534,479
Debt principal payments result in a reduction of accumulated resources on the fund financial statements. The government-wide statements show these payments as reductions against long-term liabilities.	770,000
Accrued compensated absences and early retirement reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. This is the change in accrued compensated absences during the year.	(12,911)
Amortization of deferred costs such as premium and discounts on bonds payable and deferred charges from refundings and changes in accrued interest have no impact on current available resources but do change government-wide net position.	(1,641)
<i>Less:</i>	
Deferred property tax revenues do not provide current financial resources and are deferred on the governmental fund financial statements but recognized on the government-wide financial statements. This is the change in the deferred property tax recognized in the Statement of Activities.	(18,676)
Changes in the District's net pension and OPEB liabilities reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in the District's net pension and OPEB liabilities during the year, including differences between employer contributions to the pension plan or Health Care Trust Fund and amortization of pension-related and OPEB-related deferrals.	1,343,353
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense reported as an expenditure in the governmental activities' functions.	(726,510)
Governmental Activities Change in Net Position	2,685,671

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

South Routt School District RE-3
Statement of Fiduciary Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2020

	<u>Pupil Activity Agency Fund</u>
ASSETS	
Cash and cash equivalents	1,571
Due from South Routt School District	<u>54,740</u>
Total assets	<u><u>56,311</u></u>
LIABILITIES	
Accounts payable	1,267
Due to student activities	<u>55,044</u>
Total liabilities	<u><u>56,311</u></u>

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

South Routt School District RE-3

Notes to the Financial Statements



South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020

I. Summary of Significant Accounting Policies

South Routt School District RE-3 (the "District") is a public school district within Routt County, Colorado. The District provides academic and vocational curriculum, student transportation, food service, athletic and cultural extracurricular activities, maintenance and general administrative services. The District is located in Oak Creek, Colorado, and operates the following schools:

<u>Elementary School</u> South Routt Elementary	<u>Middle School</u> Soroco Middle School	<u>High School</u> Soroco High School
<u>Preschool and Kindergarten</u> Soroco Preschool at Yampa		

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The District was reorganized by a vote of qualified electorate and operates under an elected Board of Education comprised of five members. As required by GAAP, the financial statements of the reporting entity include those of the District and its component units, entities for which the District is considered financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint the voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon the above criteria, the District is not financially accountable for any other organization. No additional separate governmental units, agencies or nonprofit organizations are included in the financial statements of the District.

The District receives funding from local, state, and federal government sources and must comply with all the requirements of these funding sources. However, the District is not included in any other governmental reporting entity.

B. District-wide and Fund Financial Statements

The District's basic financial statements include both District-wide (financial activities of the overall District, except for fiduciary activities) and fund financial statements (reporting the District's major and non-major funds). The District-wide financial statements categorize primary activities as governmental. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. District-wide and Fund Financial Statements

1. District-wide Financial Statements

In the District-wide Statement of Net Position, the governmental activities columns are (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

The District-wide Statement of Activities reports both the gross and net cost of the District's governmental functions. The governmental functions are also supported by general government revenues (property taxes, specific ownership taxes, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs, by function, are normally covered by general revenues.

The District-wide focus is on the sustainability of the District as an entity and the change in the District's Net Position resulting from the current year's activities.

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The District reports the following major governmental funds:

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

The *Debt Service Fund* accounts for transactions related to the District's general obligation bonds and interest.

The *Capital Reserve Fund* accounts for the acquisition of land, construction of new facilities, alterations and improvements to existing structures, and the acquisition of school buses and/or other equipment.

The *Food Service Fund* accounts for the provision of food to District Students.

South Rount School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. District-wide and Fund Financial Statements (continued)

2. Fund Financial Statements (continued)

The District also reports the following funds:

The *Pupil Activity Custodial Fund* accounts for assets held by the District as an agent for student clubs and other organizations which exist with the explicit approval of, and are subject to revocation by, the District's Board of Education.

The *Endowment Promotion Agency Fund* is used to account for revenues and expenditures associated with publicly raised funds held as a restricted endowment.

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

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

The governmental activities in the government-wide financial statements, the proprietary fund financial statements and the fiduciary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

2. Current Financial Focus and Modified Accrual Basis

The District's governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

3. Financial Statement Presentation

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

D. Financial Statement Accounts

1. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the acquisition date.

Investments are stated at fair value or net asset value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The District follows Colorado statutes specifying specific investment instruments meeting defined rating criteria in which local governments may invest, which include:

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

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

3. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable on the fund financial statements.

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

4. Inventory and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories recorded in the *Food Service Fund* consist of purchased and donated commodities. Donated commodities inventories are offset by unearned revenue. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt. The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements.

5. Interfund Receivables and Payables

Balances at year-end between funds are reported as “due to/from other funds” in the fund financial statements. Any residual balances not eliminated between the governmental and fiduciary activities are reported as “internal balances” in the district-wide financial statements

6. Capital Assets

Capital assets, which include land, land improvements, construction in progress, buildings and improvements, equipment, and vehicles, are reported in the governmental activity column in the government-wide financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost where historical records are available and at an estimated historical cost where no historical record exists. 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 the asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital outlay for projects is capitalized as projects are constructed. The District does not capitalize interest on the construction of capital assets.

Buildings and improvements, equipment, and vehicles are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	7 - 50
Vehicles and equipment	5 - 20

South Rount School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

7. Compensated Absences

District employees with five or more years of employment with the District are paid for up to thirty days accumulated day leave at the lower of \$50 per day or the current daily rate. Payment is made in July of the year succeeding termination of employment. In addition, District employees are paid for accumulated vacation at their current daily rate upon termination.

Vested or accumulated leave that is expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the governmental fund that will pay it, which is the General Fund. Amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are reported in the governmental activities column in the District-wide financial statements. No liability is recorded for non-vesting accumulating rights.

8. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow if resources (expense/expenditures) until then. The District has three items, charge on refunding, pension, and other post-employment benefits (“OPEB”) related deferred outflows, which qualify for reporting under this category on the Statement of Net Position. A charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt.

Deferred inflows of resources represent an acquisition of net position that applied to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category, pension and OPEB related deferred inflows, reported in the Statement of Net Position. These amounts are deferred and recognized as an inflow from resources in the period that the amounts become available.

See Note III.F and Note III.G below for discussion on pension and OPEB, respectively, related deferred outflows and inflows.

9. Long-term Debt

In the district-wide financial statements, long-term debt is reported as liabilities in the governmental activities statement of net position. Bonds payable are reported net of the applicable bond premium or discount and deferred refunding costs. Bond premiums, discounts, and deferred refunding costs are amortized over the life of the bonds based on interest payments.

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

9. Long-term Debt (continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

10. Pensions

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.

11. Post-Employment Benefits

The District participates in the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer defined benefit OPEB fund administered by the 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.

12. Fund Balance and Fund Classifications

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

South Rount School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

12. Fund Balance and Fund Classifications (continued)

The District classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Spendable Fund Balance:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Education. The District's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the Board of Education platform to review, and/or make changes to each department's budget. Before year end, a budgetary committee will meet again with each department for final review and approval of preliminary budget. The Budget is then formally presented to the Board of Education via an advertised public process for their review, revisions and final approval by year end. All subsequent budget requests made during the year, after the Board of Education approval, must be presented via a public process and again approval by the Board of Education.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board of Education or its management designee.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of a targeted reserve positions and the Administration calculates targets and report them annually to the Board of Education.

South Rount School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

11. Fund Balance and Fund Classifications (continued)

In addition to the above note disclosure, GASB requires disclosure of the following fund definitions.

General Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Reserve Fund - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Debt Service Fund - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

12. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers

13. Use of Estimates

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

14. Credit Risk

The receivables of the various funds of the District are primarily due from other governments. Management believes that the credit risk related to the receivables is minimal.

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

15. Restricted and Unrestricted Resources

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

II. Stewardship, Compliance, and Accountability

A. Bond Trustee

Colorado state statutes require all property taxes levied for the purpose of satisfying bonded indebtedness to be administered by at least one third party custodian designated by the District. The third-party custodian is required to ensure all taxes levied to satisfy the obligations of bonded indebtedness are used accordingly. The District has entered into a custody agreement with Routt County, Colorado in order to meet this requirement.

B. Budgetary Information

Budgets are adopted on a basis consistent with GAAP. As required by Colorado Statutes, all funds have legally adopted budgets and appropriations. The total expenditures for each fund may not exceed the amount appropriated. Appropriations for a fund may be increased if unanticipated revenues offset them. All appropriations lapse at year-end.

As required by Colorado Statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for fiscal year 2020:

1. The proposed budget was submitted to the Board of Education by May 31 of the year preceding the budget year. The proposed budget must include a description of major educational objectives and how the proposed budget fulfills those objectives.
2. Notice was published within ten (10) days which contained: availability of proposed budget for inspection, date and time of budget adoption meeting, and that any County taxpayer may file objections prior to the adoption of the budget.
3. The Board of Education certified revenue requirements to the local County Commissioners prior to December 15.
4. The final budget was adopted prior to June 30, along with an appropriation resolution.

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

II. Stewardship, Compliance, and Accountability (continued)

B. Budgetary Information (continued)

During the year, supplemental appropriation ordinances were approved for the following funds:

<u>Fund</u>	<u>Original Appropriation</u>	<u>Final Appropriation</u>	<u>Change</u>
General Fund	\$ 5,475,724	5,782,491	306,767
Debt Service Fund	792,763	828,075	35,312
Capital Projects Fund	473,150	692,916	219,766
Food Service Fund	201,508	201,508	-
Pupil Activity Agency fund	-	75,000	75,000

C. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government. Any revenues earned in excess of the fiscal year spending limit must be refunded in the next fiscal year, unless voters approve retention of such excess revenue.

Except for refinancing debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending. The District has reserved \$226,000 of its June 30, 2020 fund balances for this purpose.

In 1997, the District's electorate approved a referendum allowing the District to keep and spend any excess revenue received during the year ended June 30, 1997, and each subsequent year thereafter.

The District believes it is in compliance with the requirements of the TABOR Amendment. However, the Amendment is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by Federal Depository Insurance Corporation ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA.

The District is governed by the deposit and investment limitations of state law. At June 30, 2020, the District had the following cash and investments (including the custodial fund) with the following maturities:

<u>Type:</u>	<u>Standard & Poors Rating</u>	<u>Balance</u>	<u>Maturities</u>	
			<u>Less Than One Year</u>	<u>Less Than Five Years</u>
<i>Deposits:</i>				
Checking accounts	Not rated	\$ 248,837	248,837	-
<i>Investments:</i>				
Investment pool	AAAm	4,984,719	4,984,719	-
		<u>\$ 5,233,556</u>	<u>5,233,556</u>	<u>-</u>

The District's cash and investments are presented on the Statement of Net Position as follows:

Reconciliation to Statement of Net Position

Cash and cash equivalents - Unrestricted	\$ 248,837
Cash and investments - Unrestricted	4,984,719
	<u>\$ 5,233,556</u>

Investments Measured at Net Asset Value

<u>Investments Measured at Net Asset Value</u>	<u>Total</u>
Colotrust	<u>\$ 4,984,719</u>

Pools. At June 30, 2020, the District was invested in the Colorado Local Government Liquid Asset Trust ("Colotrust"), and investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. The pool operates in conformity with the Securities and Exchange Commission's Rule 2a-7 with each share equal in value to \$1.00.

Interest Rate Risk. The District limits investments maturities as required by state statutes as a means of managing its exposure to fair value losses arising from increasing interest rates. State statutes require the District to limit maturities to five years from the date of purchase. Maturities of investments held at June 30, 2020 are provided in the previous schedule. The District coordinates its investment maturities to closely match cash flow needs.

South Rount School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Credit Risk. State law specify instruments in which local governments may invest, including obligations of the United States, certain U.S. governmental agency securities, local government investment pools, and commercial paper, among other items. The District's general investment policy is to invest surplus funds in accordance with state law, to ensure the preservation of capital, to ensure that adequate funds are available at all times to meet the financial obligations of the District when due, and to realize rates of return on invested funds which are comparable to market levels.

Custodial Credit Risk. For an investment, this is the risk that, in the event of failure of the counterparty, the government will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. The District does not have an investment policy that limits the amount of securities that can be held by counterparties.

Concentration of Credit Risk. The District places no limit on the amount that it may invest in any one issuer. More than 5% of the District's investments are in the COLOTRUST Investment Pool. These investments represented 100% of the District's total investments.

B. Receivables and Unavailable Revenue

Receivables as of year-end for the District's major and non-major funds, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Food Service Fund	Total Governmental Funds
Receivables:				
Taxes	\$ 209,023	65,736	-	274,759
Other	12,556	-	4,019	16,575
Net Receivables	\$ 221,579	65,736	4,019	291,334

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

South Rount School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,082,075	-	-	1,082,075
Land improvements	670,719	-	-	670,719
Construction in progress	-	50,724	-	50,724
Total capital assets, not being depreciated	<u>1,752,794</u>	<u>50,724</u>	<u>-</u>	<u>1,803,518</u>
Capital assets, being depreciated:				
Buildings and improvements	21,569,927	462,981	-	22,032,908
Vehicles and equipment	1,218,870	20,774	-	1,239,644
Total capital assets being depreciated	<u>22,788,797</u>	<u>483,755</u>	<u>-</u>	<u>23,272,552</u>
Total capital assets - Cost	<u>24,541,591</u>	<u>534,479</u>	<u>-</u>	<u>25,076,070</u>
Less accumulated depreciation for:				
Buildings and improvements	(14,708,984)	(698,171)	-	(15,407,155)
Vehicles and equipment	(1,066,436)	(28,339)	-	(1,094,775)
Total accumulated depreciation	<u>(15,775,420)</u>	<u>(726,510)</u>	<u>-</u>	<u>(16,501,930)</u>
Governmental activities capital assets, net	<u>\$ 8,766,171</u>	<u>(192,031)</u>	<u>-</u>	<u>8,574,140</u>

The District had the following capital outlay and depreciation expense for the following functions/programs:

	Capital Outlay	Depreciation Expense
Governmental activities:		
Direct instruction	\$ 527,479	705,828
General administration	-	2,916
Custodial and maintenance	-	7,389
Transportation	7,000	7,938
Food service	-	2,439
Total - governmental activities	<u>\$ 534,479</u>	<u>726,510</u>

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

D. Interfund Receivables, Payables, and Transfers

The District has reported the following interfund balance as of June 30, 2020:

	Receivable Fund	Payable Fund
General Fund	\$ 371,160	-
Debt Service Fund	-	22,763
Capital Reserve Fund	-	317,018
Food Services Fund	-	86,119
Pupil Activity Agency Fund	54,740	-
	\$ 425,900	425,900

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) provide additional resources for current operations or debt service.

All District transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

Transfers for fiscal year 2020 were as follows:

Transfer In (Out)	Transfer In	Transfer (out)
General Fund	\$ -	\$ (496,033)
Capital Reserve	350,000	-
Food Services Fund	146,033	-
Total	\$ 496,033	(496,033)

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

E. Long-term Debt – Governmental Activities

1. General Obligation Refunding Bonds, Series 2014

On September 3, 2014, the District issued General Obligation Refunding Bonds, series 2014, in denominations of \$5,000, total issue \$4,825,000. The bonds were issued to refinance a portion of the District's general obligation debt for the purpose of reducing debt service requirements. Interest, at a rate of 1.5% to 2.00%, is payable at each June 1 and December 1. Principal is due beginning December 1, 2014, and each year thereafter to December 1, 2021. The bonds are general obligations of the District and shall be payable from general ad valorem taxes required to be levied, without limitation as to rate and in amounts sufficient to pay the principal of and interest on the bonds, on all taxable property of the District, except to the extent other legally available funds are applied for such purpose. The bonds are subject to redemption prior to maturity, at the option of the District at a redemption price equal to the par amount thereof, plus accrued interest.

2. Defeasance of Debt

As noted above, proceeds of the 2014 refunding bond issue were used to purchase U.S. government securities to retire previous bonds issues. Sufficient U.S. government, state and local governmental securities were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District's financial records. The amount of the District's defeased debt is not readily determinable.

3. Debt Requirements

Colorado State Statutes require all property taxes levied for the purpose of satisfying bonded indebtedness to be administered by at least one third party custodian designated by the District. The third-party custodian is required to ensure all taxes levied to satisfy the obligations of bonded indebtedness are used accordingly. The District has entered into a custody agreement with UMB Bank, N/A., in order to meet this requirement.

The District is compliant in ongoing disclosure requirements to the secondary bond market in accordance with the Securities and Exchange Commission's Rule 15c2-12.

South Rount School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

E. Long-term Debt – Governmental Activities (continued)

4. Schedule of Future Payments

The District's future annual debt service requirements for general obligation bonds at June 30, 2020, are as follows:

<u>Fiscal Year Ending:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 785,000	20,313	805,313
2022	420,000	5,250	425,250
Total	<u>\$ 1,205,000</u>	<u>25,563</u>	<u>1,230,563</u>

5. Changes in Long-term Liabilities

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

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds	1,975,000	-	(770,000)	1,205,000	785,000
Premium on general obligation bonds	43,891	-	(14,630)	29,261	
Compensated absences	61,338	12,911	-	74,249	
Net OPEB liability	450,959	-	(43,086)	407,873	
Net unfunded pension liability	9,029,534	-	(731,266)	8,298,268	
Total Governmental Activities	<u>\$ 11,560,722</u>	<u>12,911</u>	<u>(1,558,982)</u>	<u>10,014,651</u>	<u>785,000</u>

For governmental activities, compensated absences are liquidated by the General Fund.

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

Plan Description: Eligible employees of the District are provided with pensions through the School Division Trust Fund (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.

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

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

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

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

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled. Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contribution provisions as of June 30, 2020: Eligible employees, the District, and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of July 1, 2018 through June 30, 2019.

Employer contribution requirements are summarized on the next page:

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Contribution provisions as of June 30, 2020(continued):

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2020
Employer Contribution Rate	10.15%	10.40%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51- 208(1)(f)	(1.02%)	(1.02%)
Amount Apportioned to the SCHDTF	9.13%	9.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%	5.50%
Total Employer Contribution Rate to the SCHDTF	19.13%	19.38%

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

As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

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 \$1,490,113 for the year ended June 30, 2020.

Pension Liabilities: 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, 2017. Standard update procedures were used to roll-forward the total pension liability to December 31, 2018. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers and the State as a non-employer contributing entity.

South Rount School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Pension Liabilities (continued)

At June 30, 2020, the District reported a liability of \$8,298,268 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

The District's proportionate share of the net pension liability	\$	8,298,268
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District		934,057
Total	\$	9,232,325

At December 31, 2019, the District proportion was 0.0555%, as compared to its proportion of 0.0510% measured as of December 31, 2018.

Pension Expense: For the year ended June 30, 2020, the District recognized pension expense of \$156,532 and revenue of \$79,719 for support from the State as a nonemployer contributing entity.

Deferred Outflows of Resources and Deferred Inflows of Resources: 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	\$ 452,261	-
Changes of assumptions or other inputs	-	3,527,113
Net difference between projected and actual earnings on pension plan investments	-	983,013
Changes in proportionate share of contributions	-	25,136
Contributions subsequent to the measurement date	308,948	-
Total	\$ 761,209	4,535,262

South Rount School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

Contributions subsequent to the measurement date of December 31, 2019, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability calculated at the December 31, 2020 measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
June 30:	
2021	\$ (2,302,671)
2022	(1,669,144)
2023	73,514
2024	(184,700)
Total	\$ (4,083,001)

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

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

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% factor applied to male rates and a 55% factor applied to female rates.

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

For disabled retirees, the mortality assumption was changed to reflect 90% of the RP-2014 Disabled Retiree Mortality Table.

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

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

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

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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%.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Discount rate (continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included 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 (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

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% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond rate, and therefore, the discount rate is 7.25%.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25% and the municipal bond index rate of 3.43% were used in the discount rate determination resulting in a discount rate of 4.78%, 2.47% lower compared to the current measurement date.

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Discount rate (continued)

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%, 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%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 11,005,281	\$ 8,298,268	\$ 6,025,496

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.

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

- Increases employer contribution rates by 0.25% on July 1, 2019.
- Increases employee contribution rates by a total of 2% (to be phased in over a period of 3 years starting on July 1, 2019).
- As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

• **III. Detailed Notes on All Funds (continued)**

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

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 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. For members who retire having service credit with employers in the DPS Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund ("DPS HCTF"). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

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

PERA Benefit Structure. The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% 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.

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

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

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

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% 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. For the year ended June 30, 2020, the District's contributions to HCTF were approximately \$75,735 .

Liabilities: At June 30, 2020, the District reported a liability for OPEB of \$407,873 for its proportionate share of net OPEB. The net OPEB liability 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, 2019. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2019. The District 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.

South Rount School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

At December 31, 2019, the District proportion was 0.0363%, as compared to its proportion of 0.0331% measured as of December 31, 2018.

Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the District recognized OPEB expense of \$18,188. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferre Inflows Resourc
Difference between expenses and actual experience	\$ -	6
Change of assumptions or other inputs	3,383	
Net difference between projected and actual earnings on plan investments	-	(
Changes in proportionate share of contributions	35,958	
Contributions subsequent to measurement date	16,269	
	\$ 55,610	7

Contributions subsequent to the measurement date of June 30, 2020, which are reported as deferred outflows of resources related to OPEB, will be recognized as a reduction of the net OPEB benefits liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2021	\$	(8,743)
2022		(8,742)
2023		(6,771)
2024		(9,359)
2025		(7,557)
Thereafter		6,521
Total	\$	(34,651)

South Rount School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

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

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

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

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

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:

<u>Medicare Plan</u>	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 2018 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:

<u>Medicare Plan</u>	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.

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, 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:

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
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%
Thereafter	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% factor applied to male rates and a 55% factor applied to female rates

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

III. F Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

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

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

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

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

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

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

- The assumed rates of PERACare participation were revised to reflect more 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 health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

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

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

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

South Rount School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Collective Net OPEB Liability	\$ 1,097,298,000	\$ 1,123,998,000	\$ 1,154,852,000
Proportionate Share of Net OPEB Liability	\$ 398,185	\$ 407,873	\$ 419,000

Discount rate. The discount rate used to measure the total OPEB liability was 7.25%. 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, 2018, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 % 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 %.

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

III. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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%, 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%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 461,183	\$ 407,873	\$ 362,283

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 www.copera.org/investments/pera-financial-reports.

IV. Other Information

A. 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 comprehensive annual financial report which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – 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. There were no 401(k) Plan member contributions from the District for the years ended June 30, 2020.

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

IV. Other Information (continued)

B. Risk Management

The District is exposed to various risks of loss related to workers compensation, general liability, unemployment, torts, theft of, damage to, and destruction of assets, and error and omissions. The District carries commercial coverage for these risks and claims and does not expect claims to exceed their coverage. For the last three years, settled claims have not exceeded commercial insurance coverage, nor has there been any reduction in insurance coverage.

Pupil Counts. Each year the District submits data regarding pupil counts to the Colorado Department of Education (CDE). The purpose of this data collection is to obtain required student level data as provided for by state statute (s), including information regarding students' funding eligibility as outlined in the Public School Finance Act of 1994 (22-54-101, C.R.S.).

The Student October Count is based on a one (1) day membership count in which districts are asked to report all students who are actively enrolled and attending classes through their district on that date. In an effort to ensure accurate reporting of those data fields associated with student funding, CDE conducts periodic compliance audits of each district's student October count data. This data not only determine per pupil funding, but also at risk and English Language Proficiency Act (ELPA) funding. CDE audits districts every one to four years, the frequency of which is determined by a number of factors including, but not limited to, the size and location of the district, as well as issues or concerns that might have arisen from prior audits.

The District believes its pupil count information is accurate and any adjustment would not be material.

C. Contingencies

1. Legal Claims

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at June 30, 2020.

2. Federal Programs

Funds received from Federal grants are subject to audit and disallowance of ineligible cost. Management of the District feels any potential questioned or disallowed costs or liability arising from the Federal program audits would not materially affect the fairness of the presentation of the financial statements at June 30, 2020.

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

IV. Other Information (continued)

3. State Programs

The District receives payment for State equalization, State transportation and various other State revenues to fund programs. These grants and programs are subject to audit and may result in the District either refunding amounts due for overpayment or receiving additional revenue for underpayment by the State. These adjustments can be material. The amount of these adjustments cannot be estimated or determined as of the date of these financial statements.

D. Northwest Colorado Board of Cooperative Educational Services

The District is an association member, together with other school districts, participating in certain programs of the Northwest Colorado Board of Cooperative Educational Services (the "BOCES"). The purpose of the BOCES is to pool resources of the individual districts and to provide services common to each on a basis that is more economical than if the same services were provided individually. The District provides its own administrative services and does not bear administrative costs borne equally by fully participating districts as it is not a full member. The District pays for services provided by BOCES charged to each district based upon individual needs and the student population.

D. Northwest Colorado Board of Cooperative Educational Services (continued)

The BOCES has issued its own audited financial statements for the year ended June 30, 2019, the latest available data. The following summary information is presented:

Assets	\$ 830,358
Deferred Outflows of Resources	1,799,325
Liabilities	6,482,500
Deferred Inflows of Resources	5,232,605
Net Position	<u>\$ (9,085,422)</u>
Expenses	\$ (2,467,620)
Program Revenues	3,470,058
General Revenues	262
Change in Net Position	<u>1,002,700</u>
Net Position - Beginning	<u>(10,088,122)</u>
Net Position - Ending	<u>\$ (9,085,422)</u>

For the year ended June 30, 2020 and 2019, the District made operating contributions of \$60,945 and \$72,301 respectively.

South Routt School District RE-3
Notes to the Financial Statements
June 30, 2020
(Continued)

IV. Other Information (continued)

E. Colorado School District Self Insurance Pool

The District belongs to the Colorado School Districts Self Insurance Pool (the "Pool"). The Pool was established by the Colorado Association of School Boards ("CASB") to provide insurance coverage to participants in the areas of property, crime, vehicle, liability, School Crisis Act, and other coverage. The majority of the Board of Directors of the Pool is appointed by CASB.

Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, aggregate Pool claims, the cost of administrative and other costs, the number of participants, and the adequacy of operating and reserve funds.

The District's share in the Pool is not determinable from current information. The Pool has issued its own audited financial statements for the year ended June 30, 2019 the latest available data. The following summary information is presented:

Admitted Assets	\$ 48,583,211
Liabilities	<u>(26,773,438)</u>
Surplus	<u>\$ 21,809,773</u>
Revenues	\$ 20,683,002
Expenses	<u>(26,652,902)</u>
Net Income	<u>(5,969,900)</u>
Change in nonadmitted assets	<u>156,358</u>
Surplus - Beginning	<u>27,623,315</u>
Net Position - Ending	<u>\$ 21,809,773</u>

F. State Statutes

The District had expenditures in excess of budget for the following funds. This may be a violation of state statute.

Fund	Final Budget	Actual	Expenditures in excess of budget	Reason
Capital Projects Fund	692,916	715,058	22,142	Camera system expenditures higher than budgeted
Pupil Activity Agency Fund	75,000	242,962	167,962	Higher expenses than budgeted

G. COVID-19

The spread of COVID-19 may have operational, economic, and financial impacts on the District. The significance and duration of the potential impacts cannot be reasonably estimated at this time.

South Routt School District RE-3
Required Supplementary Information



South Routt School District RE-3
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
General Fund
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for 2019)

	2020			Final Budget Variance Positive (Negative)	2019
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
Revenues:					
Local sources:					
Property taxes levied for general purposes	2,847,351	3,097,851	3,096,495	(1,356)	2,943,606
Specific ownership taxes	230,000	-	263,234	263,234	247,302
Community service activities	65,000	80,000	77,953	(2,047)	97,578
Tuition and fees	-	-	76,495	76,495	83,833
Investment income	12,000	12,000	22,843	10,843	28,159
Other	256,362	255,857	555,926	300,069	275,528
Total Local Sources	<u>3,410,713</u>	<u>3,445,708</u>	<u>4,092,946</u>	<u>647,238</u>	<u>3,676,006</u>
Federal sources	158,718	168,718	249,883	81,165	157,756
State sources:					
Equalization	1,702,737	1,785,250	1,789,632	4,382	1,761,032
Other	379,545	494,400	661,414	167,014	681,149
Total State Sources	<u>2,082,282</u>	<u>2,279,650</u>	<u>2,451,046</u>	<u>171,396</u>	<u>2,442,181</u>
Total Revenues	<u>5,651,713</u>	<u>5,894,076</u>	<u>6,793,875</u>	<u>899,799</u>	<u>6,275,943</u>
Expenditures:					
Direct instruction	2,979,785	3,208,456	3,155,244	53,212	3,275,998
Indirect instruction	578,612	601,945	551,014	50,931	588,922
General administration	648,020	650,020	638,302	11,718	616,435
Support services	236,333	244,096	243,199	897	217,431
Custodial and maintenance	648,133	648,133	632,863	15,270	650,226
Transportation	250,341	250,341	277,758	(27,417)	299,577
Capital outlay	84,500	79,500	104,967	(25,467)	97,383
Total Expenditures	<u>5,425,724</u>	<u>5,682,491</u>	<u>5,603,347</u>	<u>79,144</u>	<u>5,745,972</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>225,989</u>	<u>211,585</u>	<u>1,190,528</u>	<u>978,943</u>	<u>529,971</u>
Other Financing Sources (Uses)					
Transfers in (out)	(230,000)	(350,000)	(496,033)	(146,033)	(26,000)
Contributions to Pupil Activity Fund	-	-	(41,216)	(41,216)	-
Total Other Financing Sources (Uses)	<u>(230,000)</u>	<u>(350,000)</u>	<u>(537,249)</u>	<u>(187,249)</u>	<u>(26,000)</u>
Net Change in Fund Balance	(4,011)	(138,415)	653,279	791,694	503,971
Fund Balance - Beginning of Year - Budget Basis	<u>1,669,151</u>	<u>1,669,151</u>	<u>2,173,122</u>	<u>503,971</u>	<u>1,669,151</u>
Fund Balance - End of Year - Budget Basis	<u>1,665,140</u>	<u>1,530,736</u>	<u>2,826,401</u>	<u>1,295,665</u>	<u>2,173,122</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Pension direct distribution - Special funding			79,719		73,331
Pension expense - Special funding			(79,719)		(73,331)
Fund Balance - End of Year - GAAP Basis			<u>2,826,401</u>		<u>2,173,122</u>

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

South Rount School District RE-3
Schedule of Revenues, Expenditures and Changes in Net Position
Assets - Budget and Actual (GAAP Basis)
Food Service Fund
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for 2019)

	2020			Final Budget Variance Positive (Negative)	2019
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
Revenues:					
Local sources:					
Food and ala carte sales	70,000	70,000	58,669	(11,331)	70,532
Other	-	-	6	6	3,750
Federal sources	55,023	55,023	56,356	1,333	61,677
State sources	2,500	2,500	6,087	3,587	2,332
Total Revenues	<u>127,523</u>	<u>127,523</u>	<u>121,118</u>	<u>(6,405)</u>	<u>138,291</u>
Expenditures:					
Food service	199,508	199,508	192,804	6,704	212,847
Capital outlay	2,000	2,000	2,246	(246)	1,302
Total Expenditures	<u>201,508</u>	<u>201,508</u>	<u>195,050</u>	<u>6,458</u>	<u>214,149</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(73,985)</u>	<u>(73,985)</u>	<u>(73,932)</u>	<u>53</u>	<u>(75,858)</u>
Other Financing Sources (Uses):					
Transfers in	50,000	50,000	146,033	96,033	-
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>50,000</u>	<u>146,033</u>	<u>96,033</u>	<u>-</u>
Net Change in Fund Balance	(23,985)	(23,985)	72,101	96,086	(75,858)
Fund Balance - Beginning of Year (Deficit)	<u>12,016</u>	<u>409,123</u>	<u>(63,842)</u>	<u>(472,965)</u>	<u>12,016</u>
Fund Balance - End of Year (Deficit)	<u>(11,969)</u>	<u>385,138</u>	<u>8,259</u>	<u>(376,879)</u>	<u>(63,842)</u>

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

South Routt School District RE-3
Schedule of District's Proportionate Share of the Net Pension Liability
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

For the year-ended at the measurement date December 31,	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.0555%	0.5099%	0.0593%	0.0595%	0.0610%	0.0650%
District's proportionate share of the net pension liability	8,298,268	9,029,534	19,182,556	17,729,293	9,332,061	8,808,268
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	934,057	1,086,148	-	-	-	-
Total proportionate share of the net pension liability associated with the District	<u>9,232,325</u>	<u>10,115,682</u>	<u>19,182,556</u>	<u>17,729,293</u>	<u>9,332,061</u>	<u>8,808,268</u>
District's covered payroll	3,262,842	2,797,122	2,686,182	2,670,527	2,658,341	2,705,094
District's proportionate share of the net pension liability as a percentage of its covered payroll	254%	323%	714%	664%	351%	326%
Plan fiduciary net position as a percentage of the total pension liability	64.52%	57.00%	44.00%	43.00%	59.00%	63.00%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Information is only available beginning in fiscal year 2014.

The accompanying notes to required supplementary information are an integral part of these statements.

South Routt School District RE-3
Schedule of District's Pension Contributions
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

Fiscal year-ended June 30,	2020	2019	2018	2017	2016	2015
Contractually required contribution	631,319	561,615	522,932	491,718	474,283	435,873
Contributions in relation to the contractually required contribution	<u>(631,319)</u>	<u>(561,615)</u>	<u>(522,932)</u>	<u>(491,718)</u>	<u>(474,283)</u>	<u>(435,873)</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
District's covered payroll	3,299,350	2,935,731	2,741,172	2,675,329	2,675,315	2,580,911
Contributions as a percentage of covered payroll	19.13%	19.13%	19.08%	18.38%	17.73%	16.89%

* Information is only available beginning in fiscal year 2015.

The accompanying notes to required supplementary information are an integral part of these statements.

South Routt School District RE-3
Schedule of District's Proportionate Share of the Other Post-Employment Benefits Liability
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

For the year-ended at the measurement date of December 31	2019	2018	2017
District's proportion of the net OPEB liability	0.0363%	0.0332%	0.0337%
District's proportionate share of the net OPEB liability	407,873	450,959	438,048
District's covered payroll	3,299,350	2,797,122	2,686,182
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	12%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	24.49%	17.03%	17.53%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Information is only available beginning in fiscal year 2018.

The accompanying notes to required supplementary information are an integral part of these statements.

South Routt School District RE-3
Schedule of District's Other Post-Employment Benefits Contributions
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

Fiscal year-ended June 30,	2020	2019	2018
Contractually required contribution	33,227	29,944	27,960
Contributions in relation to the contractually required contribution	<u>(33,227)</u>	<u>(29,944)</u>	<u>(27,960)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	3,299,350	2,935,731	2,741,172
Contributions as a percentage of covered payroll	1.01%	1.02%	1.02%

* Information is only available beginning in fiscal year 2018.

The accompanying notes to required supplementary information are an integral part of these statements.

South Routt School District RE-3
Notes to the Required Supplementary Information
June 30, 2020

I. Schedule of District's Proportionate Share of the Net Pension Liability

A. Changes to Assumptions or Other Inputs

1. Changes since the December 31, 2018 actuarial valuation:

- The assumption used to value the AI cap benefit provisions was changed from 1.50 percent to 1.25 percent.

2. Changes since the December 31, 2017 actuarial valuation:

- The single equivalent interest rate ("SEIR") was increased from 4.78 percent to 7.25 percent to reflect the changes to the projection's valuation basis, which no longer resulted in a projected year of depletion of the FNP, thereby eliminating the need to apply the municipal bond index rate.

2. Changes since the December 31, 2016 actuarial valuation:

- The single equivalent interest rate ("SEIR") was lowered from 5.26 percent to 4.78 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the fiduciary net position ("FNP"), and the resulting application of the municipal bond index rate.
- The municipal bond index rate used in the determination of the SEIR changed from 3.86 percent on the prior measurement date to 3.43 percent on the measurement date.

3. Changes Since the December 31, 2015 Actuarial Valuation are as Follows:

- The investment return assumption was lowered from 7.5 percent to 7.25 percent
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent
- The post-retirement mortality assumption for healthy lives for the School and Denver Public School ("DPS") Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93 percent factor applied to ages below 80 and a 113 percent factor applied to age 80 and above, projected to 2018, or males, and a 68 percent factor applied to ages below 80 and a 106 percent factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90 percent of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to 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.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35 percent to 0.40 percent.
- The SEIR for the School Division Trust Fund was lowered from 7.50 percent to 5.26 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.

South Routt School District RE-3
Notes to the Required Supplementary Information
June 30, 2020
(Continued)

I. Schedule of District's Proportionate Share of the Net Pension Liability (continued)

A. Changes to Assumptions or Other Inputs (continued)

4. Changes Since the December 31, 2014 Actuarial Valuation are as Follows:

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18-month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

B. Changes of Benefit Terms

No changes during the years presented.

C. Changes of Size or Composition of Population Covered by Benefit Terms

No changes during the years presented.

II. Schedule of District Pension Contributions

A. Changes to Assumptions or Other Inputs

No changes during the years presented.

B. Changes of Benefit Terms

No changes during the years presented.

C. Changes of Size or Composition of Population Covered by Benefit Terms

No changes during the years presented.

South Rount School District RE-3
Notes to the Required Supplementary Information
June 30, 2020
(Continued)

III. Schedule of the District's Proportionate Share of the Other Post-Employment Benefits Liability

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit term

No changes during the years presented.

C. Changes of size or composition of population covered by terms

No changes during the years presented.

IV. Schedule of District Other Post-Employment Benefits Contributions

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms

No changes during the years presented.

South Routt School District RE-3

Supplementary Information



South Routt School District RE-3
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
Debt Service Fund
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for 2019)

	2020			Final Budget Variance Positive (Negative)	2019
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
Revenues:					
Local sources:					
Property taxes levied for general purposes	789,980	782,692	819,466	36,774	809,598
Investment income	5,000	33,107	24,454	(8,653)	30,107
Total Local Sources	<u>794,980</u>	<u>815,799</u>	<u>843,920</u>	<u>28,121</u>	<u>839,705</u>
Total Revenues	<u>794,980</u>	<u>815,799</u>	<u>843,920</u>	<u>28,121</u>	<u>839,705</u>
Expenditures:					
Debt service:					
Principal	770,000	770,000	770,000	-	755,000
Interest and fiscal charges	22,763	58,075	37,825	20,250	53,075
Total Expenditures	<u>792,763</u>	<u>828,075</u>	<u>807,825</u>	<u>20,250</u>	<u>808,075</u>
Excess (Deficiency) of Revenues Over Expenditures	2,217	(12,276)	36,095	48,371	31,630
Net Change in Fund Balance	2,217	(12,276)	36,095	48,371	31,630
Fund Balance - Beginning of Year	<u>1,404,565</u>	<u>1,404,565</u>	<u>1,436,195</u>	<u>31,630</u>	<u>1,404,565</u>
Fund Balance - End of Year	<u><u>1,406,782</u></u>	<u><u>1,392,289</u></u>	<u><u>1,472,290</u></u>	<u><u>80,001</u></u>	<u><u>1,436,195</u></u>

The accompanying notes are integral part of these financial statements.

South Routt School District RE-3
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
Capital Reserve Fund
(With Comparative Actual Amounts for 2019)

	2020			Final Budget Variance Positive (Negative)	2019
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
Revenues:					
Local sources:					
Investment income	5,000	5,000	7,546	2,546	10,720
Other	36,613	-	-	-	4,113
Total Local Sources	<u>41,613</u>	<u>5,000</u>	<u>7,546</u>	<u>2,546</u>	<u>14,833</u>
Federal sources	-	-	-	-	-
State sources	<u>439,632</u>	<u>383,290</u>	<u>393,614</u>	<u>10,324</u>	<u>337,151</u>
Total Revenues	<u>481,245</u>	<u>388,290</u>	<u>401,160</u>	<u>12,870</u>	<u>351,984</u>
Expenditures:					
Property	-	-	-	-	7,696
Land and improvements	-	-	-	-	49,503
Buildings and improvements	473,150	692,916	708,058	(15,142)	597,797
Equipment	<u>-</u>	<u>-</u>	<u>7,000</u>	<u>(7,000)</u>	<u>37,920</u>
Total Expenditures	<u>473,150</u>	<u>692,916</u>	<u>715,058</u>	<u>(22,142)</u>	<u>692,916</u>
Excess (Deficiency) of Revenues Over Expenditures	8,095	(304,626)	(313,898)	(9,272)	(340,932)
Other Financing Sources (Uses)					
Transfers in (out)	<u>180,000</u>	<u>350,000</u>	<u>350,000</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>180,000</u>	<u>350,000</u>	<u>350,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	188,095	45,374	36,102	(9,272)	(340,932)
Fund Balance - Beginning of Year	<u>409,123</u>	<u>12,016</u>	<u>68,191</u>	<u>56,175</u>	<u>409,123</u>
Fund Balance - End of Year (Deficit)	<u><u>597,218</u></u>	<u><u>57,390</u></u>	<u><u>104,293</u></u>	<u><u>46,903</u></u>	<u><u>68,191</u></u>

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

South Routt School District RE-3
Schedule of Revenues, Expenditures, and Changes in Fiduciary
Assets and Liabilities - Budget and Actual (GAAP Basis)
Fiduciary Fund
Pupil Activity Agency Fund
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for 2019)

	2020			2019
	Original and Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	Actual Amounts
Additions:				
Programs	-	193,805	193,805	201,164
Total Additions	-	193,805	193,805	201,164
Deductions:				
Programs	75,000	242,962	(167,962)	219,275
Total Deductions	75,000	242,962	(167,962)	219,275
Other Financing Sources (Uses):				
Transfers in (out)	-	-	-	26,000
Contribution from General Fund	75,000	41,216	(33,784)	-
Total Other Financing Sources (Uses)	75,000	41,216	(33,784)	26,000
Change in Fiduciary Assets and Liabilities	-	(7,941)	(7,941)	7,889
Due to Student Activities - Beginning of Year	67,345	62,985	(4,360)	55,096
Due to Student Activities - End of Year	67,345	55,044	(12,301)	62,985

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

South Routt School District RE-3
Schedule of Revenues, Expenditures, and Changes in Fiduciary
Assets and Liabilities - Budget and Actual (GAAP Basis)
Fiduciary Fund
Endowment Promotion Fund
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for 2019)

	2020			2019
	Original and Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	Actual Amounts
Additions:				
Programs	-	-	-	-
Total Additions	-	-	-	-
Deductions:				
Programs	-	-	-	778
Total Deductions	-	-	-	778
Change in Fiduciary Assets and Liabilities	-	-	-	(778)
Due to Student Activities - Beginning of Year	-	-	-	778
Due to Student Activities - End of Year	-	-	-	-

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



Colorado Department of Education
Auditors Integrity Report
 District: 2780 - South Routt RE 3
 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	2,173,123	6,262,612	5,603,346	2,832,389
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	2,173,123	6,262,612	5,603,346	2,832,389
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	-63,880	267,187	195,049	8,258
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	1,436,196	843,920	807,825	1,472,291
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	68,191	751,160	715,058	104,293
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	3,613,631	8,124,879	7,321,278	4,417,232
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	62,985	235,021	242,962	55,044
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	62,985	235,021	242,962	55,044

FINAL