

***Akron School District R-1***  
**Akron, Colorado**

**Financial Statements**

**For the Year ended June 30, 2020**

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## **Independent Auditors' Report**

Board of Education  
Akron School District R-1  
Akron, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Akron School District R-1 (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

*Lauer, Szabo & Associates, P.C.*

Sterling, Colorado  
November 4, 2020

**AKRON SCHOOL DISTRICT R-1  
Management Discussion and Analysis  
For Fiscal Year Ended June 30, 2020**

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This section of Akron School District R-1 annual financial report presents its discussion and analysis of the District's financial performance during the year ended June 30, 2020.

**Financial Highlights**

- The assets and deferred outflows of the Akron School District R-1 exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year. Our net position as of June 30, 2020 is \$8,933,135.
- The district's total net position increased by \$791,577, due primarily to the implementation of GASB 68 and 75.
- General revenues accounted for \$4,840,754 or 88% of the \$5,527,431 in total revenues. Program specific revenues in the form of charges for services, sales, and grants accounted for \$686,677 or 12% of revenues.
- The general fund ending fund balance reached \$1,775,735. This was an increase of \$95,245 from last year.

**Overview of Financial Statements**

The discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. A comparison to the prior year's activity is normally provided in the document. The basic financial statements consist of four components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statement. This report also contains required and other supplementary information in addition to the basic financial statements.

**Government-wide Statements**

The Government-wide financial statements are designed to provide readers with information about the School District as a whole using accounting methods similar to those used by private-sector businesses.

The statement of net position includes all of the School District's assets and deferred outflow of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to 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.). In the government-wide financial statements, the School District's activities include the following:

- **Governmental activities:** Most of the School District's basic services are included here, such as instruction, transportation, maintenance, operations, administration and food service. Taxes and intergovernmental revenues principally support these activities.

## **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 School District's operations, focusing on the most significant or "major" funds, not the School District as a whole. The School District has two kinds of funds: governmental funds and fiduciary funds.

## **Governmental Funds**

Most of the District's basic services are included in the governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the School District's program.

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. Thus, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balances provide reconciliation to the government-wide financial statements in order to facilitate this comparison between governmental funds and governmental activities.

The School District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and change in fund balances for the General Fund, Bond Redemption Fund and Capital Reserve Capital Projects Fund, which are considered to be major funds. Data for the other two governmental funds are combined in a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

## **Fiduciary Funds**

Fiduciary funds are used to count for resources held for the benefit of parties outside the school district. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 20-21 of this report.

**Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements may be found on pages 22-58 of this report.

**Other information**

In addition to the basic financial statements, this report also presents other supplementary information concerning the School District’s annual appropriated budgets with comparison statements that demonstrate compliance with budgets. Budgeted amounts may be found on pages 72-88.

**Financial Analysis of the School District as a Whole**

As noted earlier, net position may serve over time as a useful indicator of the School District’s financial position.

82% of the School District’s assets are capital assets (e.g., land, buildings and equipment). The school District uses these assets to provide instruction and related services to its students.

The following table provides a summary of the district’s net position as of June 30, 2020.

	Governmental Activities		Total Percentage Change
	2020	2019	2019-2020
Current and Other assets	\$ 4,348,714	\$ 3,190,572	36.30%
Capital assets	20,491,675	20,556,003	-0.31%
<b>Total assets</b>	<b>24,840,389</b>	<b>23,746,575</b>	<b>4.61%</b>
<b>Deferred outflows of resources</b>	<b>827,607</b>	<b>2,896,276</b>	<b>-71.43%</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 25,667,996</b>	<b>\$ 26,642,851</b>	<b>-3.66%</b>
Long term liabilities	\$ 11,682,051	\$ 12,204,245	-4.28%
Other liabilities	1,021,444	398,327	156.43%
<b>Total liabilities</b>	<b>12,703,495</b>	<b>12,602,572</b>	<b>0.80%</b>
<b>Deferred inflows of resources</b>	<b>4,031,366</b>	<b>5,898,721</b>	<b>-31.66%</b>
Net investment in capital assets	14,926,656	15,527,717	-3.87%
Restricted	677,046	658,736	2.78%
Unrestricted	(6,670,567)	(8,044,895)	-17.08%
<b>Total net position</b>	<b>8,933,135</b>	<b>8,141,558</b>	<b>9.72%</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 25,667,996</b>	<b>\$ 26,642,851</b>	<b>-3.66%</b>

The following table is a summary of the District's change in net position.

Revenues	Governmental Activities		Total Percentage Change
	2020	2019	2019-2020
Program Revenues			
Charges for services	\$ 51,281	\$ 66,872	-23.31%
Operating Grants & Contributions	635,396	666,612	-4.68%
Capital Grants & Contributions	-	-	-
General Revenues			
Property taxes	1,755,605	1,640,930	6.99%
State equalization	2,823,766	2,646,647	6.69%
Other	261,383	333,203	-21.55%
<b>Total Revenue</b>	<b>5,527,431</b>	<b>5,354,264</b>	<b>3.23%</b>
<b>Expenses</b>			
Instruction	2,322,120	2,159,267	7.54%
Pupil & Instructional Services	203,280	200,442	1.42%
Administration & Business	485,325	381,886	27.09%
Maintenance & Operations	429,944	365,415	17.66%
Transportation	277,874	278,776	-0.32%
Other	1,017,311	1,017,848	0.05%
<b>Total Expenses</b>	<b>4,735,854</b>	<b>4,403,634</b>	<b>7.54%</b>
<b>Change in net position</b>	<b>\$ 791,577</b>	<b>\$ 950,630</b>	<b>-16.73%</b>

### Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994, as amended (SFA). Under the SFA the School District received \$10,317 per funded student. In fiscal year 2019 the funded pupil count was 384.8. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The School District receives approximately 70 percent of this funding from state equalization while the remaining amount comes from property taxes and specific ownership tax. The School District's assessed valuation generated \$1,554,355 in property taxes for fiscal year 2020.

### Governmental Funds

The focus of the School 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 School district's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School District's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the School District's governmental funds reported combined ending fund balances of \$3,306,132, an increase of \$546,728. The General Fund, Bond Redemption Fund, Capital Reserve Capital Projects Fund and Other Governmental Funds had fund balance increases (decreases) of \$95,245, \$11,764, \$444,425 and (\$4,706) respectively.

## General Fund Budget Highlights

The District's budget is prepared according to Colorado law and is based on accounting for transactions under generally accepted accounting principles. The most significant budgeted fund is the General Fund.

Budget highlights in the 2019-2020 school year are as follows:

- The District received \$94,771 in small-rural funding.
- Full-day kindergarten legislation passed therefore allowing the district to count all kindergarten students as full-time.
- The Colorado Preschool Program (CPP) Fund is in its sixteenth year and continues to operate without additional District subsidy. With the passing of full-day kindergarten legislation ECARE slots became available thus allowing the District CPP program to form a community partnership with ABC Daycare and Akron Head Start. The District was able to count those students who qualified for a CPP position and funnel state monies to those community partners.
- The CPP program purchased a new creative curriculum and umbrella for the playground.
- The Food Service Program had a successful year but required district subsidy. This subsidy consisted of the General Fund paying the salaries and benefits for the food service employees for the last three months of the fiscal year.
- The non-profit scholarship trust performed well with interest totaling over \$15,000. This allowed the District to award two \$5,000 Simonsen Scholarships, one \$2,000 Akron Community Scholarship, two \$1,250 Akron Community Scholarships, one \$500 Akron Community Scholarship, and one \$2,000 scholarship from the remaining Trust & Agency account.
- The District completed the third year of the five-year lease for the two Thomas buses. A turbo on bus #20 has to be replaced, which was a large expense.
- Student enrollment numbers have continued to increase over the last five years. The increase in class size trend has therefore increased the PPR the District receives.
- Due to the continual increase in class sizes, the Board of Education approved a four-classroom addition. These classrooms will house vocational business, family and consumer science, elementary special education, and elementary music. The addition is set to be done before the 2020-2021 school year begins.
- The District continued to follow the textbook rotation schedule.
- The Board of Education approved a salary raise for all staff. All salary schedules were increased, and experience/horizontal steps based on approved education credits for salary advancement we approved as well.
- The District has purchased a new student-information system, ALMA. Trainings on the new software began second semester and will be fully functional for the 2020-2021 school year.
- Capital outlay items purchased throughout the year included: new LED lights at the football field, additional Chromebooks, new water heaters, security lights, memory upgrade for the vocational business lab, two runways for the track, red dirt for the baseball field, and small AC units for the classrooms.

## Capital Assets and Debt Administration

### Capital Assets

The School Districts investment in capital assets for its governmental activities as of June 30, 2020 amounts to \$20,491,674 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements, equipment, construction in progress, and capital leases all with an original cost greater than \$5,000.

The School District's total capital assets at June 30, 2020 net of accumulated depreciation were as follows:

Additional information on the School District's capital assets can be found in note E to the basic financial statements.

	Governmental Activities
Building & Improvements	\$ 20,172,990
Other Equipment	114,025
Licensed vehicles	204,659
Total Capital Assets	<u>\$ 20,491,674</u>

### Long-Term Debt

At year-end, the School District's long-term debt of \$11,682,051 represented its compensated absences of \$43,017, capital lease obligations of \$992,714, general obligation bonds of \$4,572,305, net pension liability of \$5,789,372, and net OPEB liability of \$284,643.

### Economic Factors

The budget is based upon the goals and objectives of the accountability committee and the Board of Education. The five goals are: 1) improving student achievement, 2) maintaining a high graduation rate, 3) maintaining a high attendance rate, 4) ensuring a quality learning environment, and 5) retaining and hiring highly qualified staff. Many factors were considered by the District's administration during the process of developing the fiscal year 19-20 budget. Among them:

- The enrollment increased in FY20, and the enrollment outlook for FY21 is projected to remain steady.
- Health and Property insurance premiums continue to rise at a rate that is higher than the percentage of funding increase.
- Goals continue to be in place to build up reserves in the Capital Reserve Fund and to have the Food Services and Pupil Activity Funds be self-sustaining.
- The Bond Redemption Fund is used to collect property taxes. Two semi-annual bond debt payments are also made from this fund. The bond fund is in its eighth year. The specific ownership taxes collected from the bond are deposited into the General Fund.
- The budget included the following considerations:
  - Salary – Staff received an increase to the base salary. The District continues to make every effort to raise salaries when possible.

- Fringe benefits – The District will remain with the BEST health insurance program sponsored by CASB. The health insurance premiums remained steady.
- PERA – The employer contribution rate is 20.4% and the employee contribution rate increased by 0.75% in July of 2019 totaling 8.75%.
- Operation & Maintenance – The warranty on the building is expired. The District has approved a four-classroom addition, which will be complete by the beginning of the 2020-2021 school year.
- Pupil Transportation – The District has been committed the past few years to update the transportation fleet. The District believes the fleet is currently up to date.
- Transfers – The district will continue to transfer funds to the Capital Reserve Fund and the Colorado Preschool Program Fund.
- Food Services – Lunch prices remained the same. A transfer from the General Fund was required to assist with salary and benefit expenditures. A transfer has also been budgeted for FY21 as a precaution.

The District maintains the budget, financial audits, and current salary schedules on its website: [www.akronrams.net](http://www.akronrams.net).

### **Contacting the Districts Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, parents, investors and creditors with a general overview of the District's finances and to demonstrate the district's accountability for the money it receives. If you have any questions about this report or need additional information, contact Akron School District RE-1, 600 Elm Avenue, Akron, CO 80720.

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## **Basic Financial Statements**

The basic financial statements of the District include the following:

*Government-wide financial statements.* The government-wide statements display information about the reporting government as a whole, except for its fiduciary activities.

*Fund financial statements.* The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental funds.

*Notes to the financial statements.* The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

**AKRON SCHOOL DISTRICT R-1**  
**Statement of Net Position**  
**June 30, 2020**

	<u>Governmental Activities</u>
Assets	
Cash	\$ 2,581,757
Cash with fiscal agent	1,173,160
Certificates of deposit	385,953
Receivables	203,384
Inventories	4,460
Capital assets, net of depreciation	<u>20,491,675</u>
Total assets	24,840,389
Deferred outflows of resources	
Pension and other post-employment benefit deferrals	<u>827,607</u>
Total assets and deferred outflows of resources	<u><u>\$ 25,667,996</u></u>
Liabilities	
Accounts payable	\$ 259,089
Accrued salaries and benefits	390,584
Unearned revenues	350,514
Accrued interest payable	21,257
Noncurrent liabilities	
Due within one year	433,218
Due in more than one year	<u>11,248,833</u>
Total liabilities	12,703,495
Deferred inflows of resources	
Pension and other post-employment benefit deferrals	4,031,366
Net position	
Net investment in capital assets	14,926,656
Restricted for:	
Emergencies	145,000
Colorado preschool program	7,093
Debt service	515,557
Food service operations	9,396
Unrestricted (deficit)	<u>(6,670,567)</u>
Total net position	<u>8,933,135</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 25,667,996</u></u>

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

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**AKRON SCHOOL DISTRICT R-1**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities				
Instruction	\$ 2,322,120	\$ 8,291	\$ 457,207	
Supporting services				
Students	52,981			
Instructional staff	150,299			
General administration	199,889			
School administration	237,268			
Business services	48,168			
Operations and maintenance	429,944			
Student transportation	277,874		59,504	
Central support services	139,064			
Food service operations	176,987	42,990	118,685	
Interest on long-term debt	202,109			
Unallocated depreciation *	499,151			
Total governmental activities	<u>\$ 4,735,854</u>	<u>\$ 51,281</u>	<u>\$ 635,396</u>	<u>\$ -</u>

\* This amount excludes depreciation that is included in the direct expenses of the various programs.

General revenues
Taxes
Property taxes, levied for general purposes
Property taxes, levied for debt services
Specific ownership taxes
Delinquent taxes and interest
State categorical aid
Earnings on investments
Other
Total general revenues
Change in net position
Net position at beginning of year
Net position at end of year

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

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Net (Expenses)  
Revenues and  
Changes in  
Net Position

Governmental  
Activities

\$ (1,856,622)

(52,981)

(150,299)

(199,889)

(237,268)

(48,168)

(429,944)

(218,370)

(139,064)

(15,312)

(202,109)

(499,151)

(4,049,177)

1,030,034

524,321

197,454

3,796

2,823,766

13,952

247,431

4,840,754

791,577

8,141,558

\$ 8,933,135

**AKRON SCHOOL DISTRICT R-1**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

	General Fund	Bond Redemption Fund	Capital Reserve Capital Projects Fund	Other Governmental Funds
<b>Assets</b>				
Cash	\$ 2,054,090		\$ 360,262	\$ 167,405
Cash with fiscal agent	40,306	\$ 497,050	635,804	
Certificates of deposit	281,018		103,368	1,567
Property taxes receivable	64,450	32,808		
Grants receivable	64,361			
Other receivables	39,756			2,009
Inventories				4,460
<b>Total assets</b>	<b>\$ 2,543,981</b>	<b>\$ 529,858</b>	<b>\$ 1,099,434</b>	<b>\$ 175,441</b>
<b>Liabilities</b>				
Accounts payable	\$ 8,652			
Accrued salaries and benefits	390,584			
Construction contracts payable			\$ 250,437	
Unearned revenues				\$ 9,598
Unearned grant revenues	340,916			
<b>Total liabilities</b>	<b>740,152</b>	<b>\$ -</b>	<b>250,437</b>	<b>9,598</b>
<b>Deferred inflows of resources</b>				
Deferred property tax revenues	28,094	14,301		
<b>Total deferred inflows of resources</b>	<b>28,094</b>	<b>14,301</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>				
Nonspendable inventory				4,460
Restricted for:				
Emergencies	145,000			
Colorado preschool program	7,093			
Debt service		515,557		
Food service operations				9,396
Committed to:				
Capital projects			848,997	
Pupil activities				151,987
Unassigned	1,623,642			
<b>Total fund balance</b>	<b>1,775,735</b>	<b>515,557</b>	<b>848,997</b>	<b>165,843</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 2,543,981</b>	<b>\$ 529,858</b>	<b>\$ 1,099,434</b>	<b>\$ 175,441</b>

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

Total Governmental Funds	Amounts reported for governmental activities in the statement of net position are different because:	
	Total fund balance - governmental funds	\$ 3,306,132
\$ 2,581,757	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	20,491,675
1,173,160	Property taxes receivable will be collected in the next fiscal year but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unearned revenues in the funds.	42,395
385,953	Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(21,257)
97,258	Long-term liabilities and related deferred inflows and outflows of resources, including bonds payable, capital lease obligations, compensated absences and net pension and OPEB liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	(14,885,810)
64,361	Net position of the governmental activities	<u>\$ 8,933,135</u>
41,765		
4,460		
<u>\$ 4,348,714</u>		
\$ 8,652		
390,584		
250,437		
9,598		
340,916		
1,000,187		
42,395		
42,395		
4,460		
145,000		
7,093		
515,557		
9,396		
848,997		
151,987		
1,623,642		
3,306,132		
<u>\$ 4,348,714</u>		

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

**AKRON SCHOOL DISTRICT R-1**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2020**

	General Fund	Bond Redemption Fund	Capital Reserve Capital Projects Fund	Other Governmental Funds
Revenues				
Local sources	\$ 1,351,124	\$ 529,630	\$ 2,237	\$ 192,122
Intermediate sources	259			
State sources	3,224,411			7,416
Federal sources	139,293			111,269
Total revenues	4,715,087	529,630	2,237	310,807
Expenditures				
Instruction	2,753,150			152,509
Supporting services	1,749,099			180,597
Capital outlay			514,901	
Debt service				
Principal		324,354	38,939	
Interest and fiscal charges		193,512	3,972	
Total expenditures	4,502,249	517,866	557,812	333,106
Excess of revenues over (under) expenditures	212,838	11,764	(555,575)	(22,299)
Other financing sources (uses)				
Transfers in			100,000	17,593
Capital lease proceeds			900,000	
Transfers out	(117,593)			
Total other financing sources (uses)	(117,593)	-	1,000,000	17,593
Net change in fund balances	95,245	11,764	444,425	(4,706)
Fund balance at beginning of year	1,680,490	503,793	404,572	170,549
Fund balance at end of year	<u>\$ 1,775,735</u>	<u>\$ 515,557</u>	<u>\$ 848,997</u>	<u>\$ 165,843</u>

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

Total Governmental Funds	Amounts reported for governmental activities in the statement of activities are different because:	
	Net change in fund balances - governmental funds	\$ 546,728
\$ 2,075,113	Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period.	
259		
3,231,827		
250,562		
5,557,761		
2,905,659	Because some property taxes will not be collected for several months after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.	
1,929,696		
514,901		
363,293		
197,484		
5,911,033	Repayment of principal on bonds and capital lease obligations are expenditures in the governmental funds, but the repayment reduces the long-term liability in the statement of net position.	363,267
(353,272)		
117,593	The capital lease proceeds are reported as revenue in the governmental funds, however, they are reported as a long-term liability in the statement of activities.	
900,000		
(117,593)		
900,000	In the statement of activities, certain expenses related to the pension and OPEB liabilities and related deferred outflows and inflows, compensated absences and accrued interest payable, are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	
546,728		
2,759,404		
\$ 3,306,132		
	Change in net position of governmental activities	<u>\$ 791,577</u>

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

**AKRON SCHOOL DISTRICT R-1**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2020**

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	<u>Private Purpose Trust Fund</u>
Assets	
Certificates of deposit	\$ 40,482
Total assets	<u>\$ 40,482</u>
Net position	
Restricted for scholarship recipients	\$ 40,482
Total liabilities and net position	<u>\$ 40,482</u>

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

**AKRON SCHOOL DISTRICT R-1**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2020**

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	Private Purpose Trust Fund
Additions	
Contributions and earnings	\$ 463
Total additions	463
Deductions	
Scholarship awards	2,000
Total deductions	2,000
Change in net position	(1,537)
Net position at beginning of year	42,019
Net position at end of year	\$ 40,482

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

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies**

This summary of the Akron School District R-1’s significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the District’s accounting policies are described below.

**A.1 – Reporting entity**

The Akron School District R-1 is a school district governed by an elected five-member board of education. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The reporting entity’s financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The District has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the District has no component units.

**A.2 – Fund accounting**

The District uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types.” The District does not have any proprietary funds.

Governmental funds are used to account for all or most of a government’s general activities, including the collection and disbursement of earmarked funds (special revenue funds), and the servicing of general long-term debt (debt service fund). The following are the District’s major governmental funds:

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes, and State of Colorado equalization funding, as determined by the School Finance Act of 1994, as amended.

Expenditures include all costs associated with the daily operation of the schools, except for certain capital outlay expenditures, debt service, food service operations and pupil activities.

Bond Redemption – This fund is a debt service fund used to account for the revenues from a specific tax levy for the purpose of the repayment of debt principal, interest, and other fiscal charges.

Capital Reserve Capital Projects Fund – This fund is a capital projects fund used to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets.

The following are the District's nonmajor governmental funds:

Food Service Fund – This fund is a special revenue fund used to account for the financial activities associated with the District's food service operations.

Pupil Activity Fund – This fund is special revenue fund used to record transactions related to school-sponsored pupil organizations and activities.

Fiduciary Funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and are therefore not available to support the District's own programs. The District has the following fiduciary fund:

Scholarship Trust Fund – This fund is a private-purpose trust fund used to account for resources held by the District in a fiduciary capacity for scholarships to be distributed to area students for post-secondary education.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

**Note A.3 – Basis of presentation**

Government-wide financial statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements – Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

Fiduciary funds focus on net position and changes in net position and are reported using accounting principles similar to proprietary funds. The District's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address the activities or obligations of the District, these funds are not incorporated into the government-wide financial statements.

**A.4 – Basis of accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues – exchange and non-exchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. State equalization monies are recognized as revenues during the period in which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within sixty days after year-end, interest, tuition, grants and student fees.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then.

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

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

Expenditures – the measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**A.5 – Encumbrances**

Encumbrance accounting is utilized by the District to record purchase orders, contracts and other commitments for the expenditure of monies to assure effective budgetary control and accountability. Encumbrances outstanding at year-end are canceled and reappropriated in the ensuing year’s budget.

**A.6 – Short-term interfund receivables/payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

**A.7 – Inventories**

Food Service Fund – purchased inventories are stated at cost as determined by the first-in, first-out method. Commodity inventories are stated at the United States Department of Agriculture’s assigned values, which approximate fair value, at the date of receipt. Expenditures for food items are recorded when consumed. The federal government donates surplus commodities to the national school lunch program. Commodity distributions used by the District are recorded as revenues at the date of their consumption.

**A.8 – Capital assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets with a unit cost greater than \$5,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) are capitalized along with other capital assets. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u>
Buildings and improvements	5-50 years
Other equipment	5-20 years
Licensed vehicles	8 years

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

**A.9 – Compensated absences**

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Compensated absences benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Accumulated sick leave benefits are paid to employees upon termination of employment.

The District's policy permits employees to accumulate a limited amount of earned but unused sick leave benefits, which vest upon reaching ten or more years of continuous service and are payable up to fifty days of unused leave at the following rates: teachers – one-half of the current substitute pay; bus drivers – one half of the current trip pay; and hourly employees – one half of the current step one hourly rate.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "accrued compensated absences" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

The amount recorded as liabilities for all applicable compensated absences include salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date.

**A.10 – Accrued liabilities and long-term obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences that will be paid from governmental funds is reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

**A.11 – Fund balance**

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

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

*Nonspendable*, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),

*Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

*Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the board of education (the District's highest level of decision-making authority),

*Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

*Unassigned* fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the board of education through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the District applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

**A.12 – Net position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**A.13 – Interfund transactions**

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

**A.14 – Extraordinary and special items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the board of education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year.

**Note B – Cash and investments**

**Cash and deposits**

Colorado State statutes govern the District's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note B – Cash and investments (Continued)**

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$3,014,045, of which \$725,343 was insured and \$2,288,702 was collateralized with securities held by the pledging institution’s trust department or agent in the District’s name.

**Investments**

Authorized Investments – Investment policies are governed by Colorado State Statutes and the District’s own investment policies and procedures. Investments of the District may include:

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

The following table provides a reconciliation of cash and investments on the statement of net position:

Cash in bank	\$ 2,581,757
Cash with fiscal agent	1,173,160
Certificates of deposit	<u>426,435</u>
Total	<u>\$ 4,181,352</u>
 <u>Statement of net position</u>	
Cash	\$ 2,581,757
Cash with fiscal agent	1,173,160
Certificates of deposit	<u>385,953</u>
Subtotal	4,140,870
 <u>Statement of fiduciary net position</u>	
Certificates of deposit	<u>40,482</u>
Total	<u>\$ 4,181,352</u>

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note C – Receivables**

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>
Property taxes receivable	\$ 97,258
Grants receivables	64,361
Other receivables	<u>41,765</u>
Total	<u>\$ 203,384</u>

Property taxes are levied on December 15<sup>th</sup> and attach as a lien on property the following January 1<sup>st</sup>. They are payable in full by April 30<sup>th</sup> or are due in two equal installments on February 28<sup>th</sup> and June 15<sup>th</sup>. Washington County bills and collects property taxes for all taxing entities within the counties. The tax receipts collected by the counties are remitted to the District in the subsequent month.

**Note D – Interfund transactions**

The following is a summary of interfund transfers for the year as presented in the fund financial statements:

<u>Governmental funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 117,593
Capital Reserve Capital Projects Fund	100,000	
Other Governmental Funds	<u>17,593</u>	<u>-</u>
Total	<u>\$ 117,593</u>	<u>\$ 117,593</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The District transferred funds in the amount of \$100,000 from the General Fund to the Capital Reserve Capital Projects Fund to set moneys aside for capital needs and \$17,593 to Other Governmental Funds to subsidize the costs of food service operations.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

**Note E – Capital assets**

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 514,901	\$ -	\$ 514,901
Total capital assets, not being depreciated	-	514,901	-	514,901
Capital assets, being depreciated:				
Buildings and improvements	24,091,898	-	(8,010)	24,083,888
Other equipment	305,715	-	-	305,715
Licensed vehicles	907,078	-	-	907,078
Total capital assets, being depreciated	<u>25,304,691</u>	<u>-</u>	<u>(8,010)</u>	<u>25,296,681</u>
Total capital assets	25,304,691	514,901	(8,010)	25,811,582
Less accumulated depreciation for:				
Buildings and improvements	(3,935,465)	(498,344)	8,010	(4,425,799)
Other equipment	(174,208)	(17,481)	-	(191,689)
Licensed vehicles	<u>(639,014)</u>	<u>(63,405)</u>	<u>-</u>	<u>(702,419)</u>
Total accumulated depreciation	<u>(4,748,687)</u>	<u>(579,230)</u>	<u>8,010</u>	<u>(5,319,907)</u>
Governmental activities capital assets, net	<u>\$ 20,556,004</u>	<u>\$ (64,329)</u>	<u>\$ -</u>	<u>\$ 20,491,675</u>

Depreciation expense was charged to programs of the District as follows:

Governmental activities	
Instruction	\$ 1,742
Operations and maintenance	1,453
Student transportation	62,405
Food service operations	14,479
Unallocated	<u>499,151</u>
Total	<u>\$ 579,230</u>

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

**Note F – Accrued salaries and benefits**

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$390,584. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

**Note G – Long-term debt**

The following is a summary of the changes in long-term debt for the year:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
<b>Governmental Activities</b>					
Compensated absences	\$ 42,758	\$ 259	\$ -	\$ 43,017	\$ -
Capital lease obligations	131,627	900,000	(38,913)	992,714	95,624
Bonds payable	4,896,659	-	(324,354)	4,572,305	337,594
Net pension Liability	6,793,888	-	(1,004,516)	5,789,372	-
Net OPEB liability	<u>339,313</u>	<u>-</u>	<u>(54,670)</u>	<u>284,643</u>	<u>-</u>
Totals	<u>\$ 12,204,245</u>	<u>\$ 900,259</u>	<u>\$ (1,422,453)</u>	<u>\$ 11,682,051</u>	<u>\$ 433,218</u>

Payments on the capital lease obligations are made in the Capital Projects Fund while payments on the bonds payable are made in the Bond Redemption Fund. The net pension and OPEB liabilities and payments on the compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. The District believes that the current portion of compensated absences is negligible and is therefore not reported.

**Capital lease obligations**

Transportation vehicle lease obligation – In September 2017, the District entered into an agreement with The Farmers State Bank to purchase two 2018 Thomas school buses. The agreement called for a lease term of five years with annual renewal options. Monthly payments of \$3,576 are due on the 15<sup>th</sup> of each month, with a final payment due in September 2022. The average interest rate over the lease term is 3.50%. The District has capitalized \$196,700 of assets under this capital lease.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note G – Long-term debt (Continued)**

The agreement contains a provision that, in the event of default, the lessor may (a) declare the term ended and to take possession of the property or any part, either with or without the process of law, and repossess, using such force as may be necessary, repossess and enjoy without prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of covenant. In the event that legal process is necessary to reclaim the property, the lessor shall be entitled to its reasonable attorney fees and costs and expenses.

Facility renovation obligation– In March 2020, the District entered into an agreement with Capital One Public Funding, LLC, to finance the costs to acquire, construct, equip and install a structure for use as school classrooms. The agreement called for a lease term of one year with annual renewal options. Annual payments of \$78,129 are due on December 1<sup>st</sup> of each year, with a final payment due in fiscal year 2034. The average interest rate over the lease term is 3.65%. The District has capitalized \$514,901 of assets under this capital lease.

The agreement contains a provision that, in the event of default, the lessor may (a) declare all payments and other amounts payable by the District hereunder to the end of the current original term to be immediately due (b) with or without terminating the lease, take possession of the leased property, sell District’s interest in the base lease, or lease the leased property and collect rental payments therefor for all or any portion of the remainder of its leasehold term with the District remaining liable for the difference between the rental payments, additional rental payments and other amounts payable; (c) The lessor may provide written notice of the occurrence of an event of default to the escrow agent, and the escrow agent shall thereupon promptly remit to the lessor the entire balance of the escrow fund established and held under the escrow agreement; or (d) take whatever action at law or in equity may appear necessary or desirable to collect the rental payments then due and thereafter to become due during the then current original term.

The following schedule represents the District’s debt service requirements to maturity for the capital lease obligations at year-end:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>
2021	\$ 95,624	\$ 25,416
2022	89,039	32,001
2023	59,689	29,167
2024	50,814	27,315
2025	52,668	25,461
2026-2030	293,619	97,024
2031-2035	<u>351,261</u>	<u>39,382</u>
Totals	<u>\$ 992,714</u>	<u>\$ 275,766</u>

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

**Note G – Long-term debt (Continued)**

**Bonds Payable**

\$7,084,651 general obligation bonds, dated December 16, 2010, due in annual installments beginning in fiscal year 2012 ranging from \$245,126 to \$503,675; fixed annual interest rate of 4.08% payable semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup>.

Total general obligation bonds \$ 4,572,305

The following schedule represents the District's debt service requirements to maturity for all outstanding bonded indebtedness:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 337,594	\$ 179,751
2022	351,374	165,689
2023	365,717	151,054
2024	380,646	135,820
2025	396,184	119,965
2026-2030	2,237,115	338,400
2031	<u>503,675</u>	<u>10,280</u>
Totals	<u>\$ 4,572,305</u>	<u>\$ 1,100,959</u>

**Note H – Defined benefit pension plan**

Summary of significant accounting policies

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

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

General information about the pension plan

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

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

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

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

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

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

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

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

**Note H – Defined benefit pension plan (Continued)**

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

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

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

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

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

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 \$453,589 for the year.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

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

At year-end, the District reported a liability of \$5,789,372 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District’s proportionate share of the net pension liability	\$ 5,789,372
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>734,308</u>
Total	<u>\$ 6,523,680</u>

At December 31, 2019, the District’s proportion was 0.0388 percent, which was an increase of 0.0004 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension income of \$366,567 and revenue of \$32,390 for support from the State as a nonemployer contributing entity. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

**Note H – Defined benefit pension plan (Continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 318,415	\$ -
Changes of assumptions or other inputs	188,201	2,600,041
Net difference between projected and actual earnings on pension plan investments		742,714
Changes in proportion and differences between contributions recognized and proportionate share of contributions	71,422	634,827
Contributions subsequent to the measurement date	<u>229,332</u>	<u>-</u>
Total	<u>\$ 807,370</u>	<u>\$ 3,977,582</u>

\$229,332 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30, _____</u>	<u>Amount</u>
2021	\$ (1,875,160)
2022	(1,314,162)
2023	23,070
2024	<u>(233,292)</u>
Totals	<u>\$ (3,399,544)</u>

*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:

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

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

‡ For 2019, the annual increase was 0.00 percent.

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

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

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

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

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

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

**Note H – Defined benefit pension plan (Continued)**

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

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

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

<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	<u>1.00%</u>	0.20%
Total	<u><u>100.00%</u></u>	

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

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note H - Defined benefit pension plan (Continued)**

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

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

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

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

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

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

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net pension liability	\$ 7,677,947	\$ 5,789,372	\$ 4,203,749

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

Payables to the pension plan

The District did not report any payables to the pension plan at year-end.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note I – Defined contribution pension plan**

Voluntary Investment Program

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

*Funding policy.* The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. For the year ended, program members contributed \$6,605 for the Voluntary Investment Program.

**Note J – Defined benefit other post-employment benefit (OPEB) plan**

Summary of significant accounting policies

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

General information about the OPEB plan

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

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

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

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

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

*PERA Benefit Structure*

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

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

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

*DPS Benefit Structure*

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$23,873 for the year ended.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB

At year-end, the District reported a liability of \$284,643 for its proportionate share of the net OPEB liability. The net pension OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The District’s proportion of the net OPEB liability was based on the District’s contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the District’s proportion was 0.0253 percent, which was an increase of 0.0004 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$18,547. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 935	\$ 47,824
Changes of assumptions or other inputs	2,332	-
Net difference between projected and actual earnings on OPEB plan investments	-	4,793
Changes in proportion and differences between contributions recognized and proportionate share of contributions	4,900	1,167
Contributions subsequent to the measurement date	<u>12,070</u>	<u>-</u>
Total	<u>\$ 20,237</u>	<u>\$ 53,784</u>

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

\$12,070 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent year. 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, _____	Amount
2021	\$ (9,362)
2022	(9,362)
2023	(8,000)
2024	(9,955)
2025	(8,432)
2026	(506)
Total	<u>\$ (45,617)</u>

*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

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

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 costs between employers of each fund to that point.

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

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

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

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

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

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

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

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

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

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

<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%
2029+	4.50%	4.50%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as show 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.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

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

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

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

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

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

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

<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	<u>1.00%</u>	0.20%
Total	<u><u>100.00%</u></u>	

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

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

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</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	<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Net OPEB Liability	\$ 277,881	\$ 284,643	\$ 292,456

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

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

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

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

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

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net OPEB liability	\$ <u>321,846</u>	\$ <u>284,643</u>	\$ <u>252,826</u>

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

Payables to the OPEB plan

The District did not report any payables to the OPEB plan at year-end.

**Note K – Risk management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District continues to carry commercial insurance for all risks of loss, including workers’ compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note K – Risk management (Continued)**

BEST Health Plan

The District joined the Colorado Boards of Education Self-Funded Trust (BEST) in 2008. This partially self-funded trust was established in 2004 to offer a stable, long-term, statewide medical program designed to meet the business objective and challenges of school districts. Medical coverage for the District employees is purchased through the trust.

The District pays a monthly premium to BEST to provide health insurance coverage and services for its plan members. Employees are responsible for paying a deductible amount before the plan begins to pay. The individual deductible amount for fiscal year 2020 was \$2,000 or \$3,500 depending on the type of plan. There is no lifetime maximum benefit for our plan members.

Because there is the potential to incur high cost medical claims, BEST purchases stop-loss coverage to cover claims that exceed its deductible limit, which is currently \$50,000. Each year, the deductible limit is reviewed based on actuarial analysis to determine if paying an additional premium would increase or reduce the ultimate cost of risk to the District. As members of the BEST Health Plan, the District also purchases prescription coverage through the pool.

**Note L – Commitments and contingencies**

Federal and state funding

The District receives revenues from various federal and state grant programs which are subject to final review and approval by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note L – Commitments and contingencies (Continued)**

requirements by the entire electorate. On November 5, 1996, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$145,000 for the emergency reserve.

Local Government Budget Law

Expenditures in the Capital Reserve Capital Projects Fund exceeded appropriations by \$52,240 and may be in violation of Colorado Local Government Budget Laws.

**Note M – Joint venture**

The District participates in the Northeast Colorado Board of Cooperative Educational Services (BOCES). This joint venture does not meet the criteria for inclusion within the reporting entity because the BOCES:

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

The District has one member on the board. The board has final authority for all budgeting and financing of the joint venture.

Separate financial statements of the Northeast Colorado Board of Cooperative Educational Services are available by contacting their administrative office in Haxtun, Colorado.

For the year, the District's contribution was \$171,924.

### **Required Supplementary Information**

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of the District's Proportionate Share of the Net Pension Liability – PERA's School Division Trust Fund
- Schedule of District Contributions – PERA's School Division Trust Fund
- Schedule of the District's Proportionate Share of the Net OPEB Liability – PERA's Health Care Trust Fund
- Schedule of District Contributions – PERA's Health Care Trust Fund

**AKRON SCHOOL DISTRICT R-1**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 1,259,516	\$ 1,221,164	\$ 1,351,124	\$ 129,960
Intermediate sources	300	260	259	(1)
State sources	3,119,026	3,134,174	3,224,411	90,237
Federal sources	100,000	120,000	139,293	19,293
Total revenues	4,478,842	4,475,598	4,715,087	239,489
Expenditures				
Instruction	2,768,700	2,945,900	2,753,150	192,750
Supporting services	1,730,685	1,838,517	1,749,099	89,418
Appropriated reserves	734,457	801,987		801,987
Total expenditures	5,233,842	5,586,404	4,502,249	1,084,155
Excess of revenues over (under) expenditures	(755,000)	(1,110,806)	212,838	1,323,644
Other financing sources (uses)				
Transfers out	(115,000)	(130,000)	(117,593)	12,407
Net change in fund balance	\$ (870,000)	\$ (1,240,806)	95,245	\$ 1,336,051
Fund balance at beginning of year			1,680,490	
Fund balance at end of year			\$ 1,775,735	

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**AKRON SCHOOL DISTRICT R-1**  
**Schedule of the District's Proportionate Share of the Net Pension Liability <sup>1</sup>**  
**PERA's School Division Trust Fund**  
**June 30, 2020**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
District's proportion of the net pension liability	0.0388%	0.0384%	0.0441%	0.0439%
District's proportionate share of the net pension liability	\$ 5,789,372	\$ 6,793,888	\$ 14,268,790	\$ 13,085,555
State's proportionate share of the net pension liability	<u>734,308</u>	<u>928,970</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 6,523,680</u>	<u>\$ 7,722,858</u>	<u>\$ 14,268,790</u>	<u>\$ 13,085,555</u>
District's covered payroll	\$ 2,277,040	\$ 2,109,308	\$ 2,035,481	\$ 1,972,546
District's proportionate share of the net pension liability as a percentage of its covered payroll	254.25%	322.09%	701.00%	663.38%
Plan fiduciary net position as a percentage of the total pension liability	64.52%	57.01%	43.96%	43.10%

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

<sup>1</sup> Information is not available prior to June 30, 2014. In future reports, additional years will be added until 10 years of historical data are presented.

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<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
0.0441%	0.0443%	0.0468%
\$ 6,748,266	\$ 6,004,630	\$ 5,970,431
-	-	-
<u>\$ 6,748,266</u>	<u>\$ 6,004,630</u>	<u>\$ 5,970,431</u>
\$ 1,922,860	\$ 1,856,003	\$ 1,887,005
350.95%	323.52%	316.40%
59.20%	62.84%	64.06%

**AKRON SCHOOL DISTRICT R-1**  
**Schedule of District Contributions <sup>1</sup>**  
**PERA's School Division Trust Fund**  
**June 30, 2020**

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	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Contractually required contribution	\$ 453,589	\$ 418,300	\$ 389,984	\$ 368,488
Contributions in relation to the contractually required contribution	<u>(453,589)</u>	<u>(418,300)</u>	<u>(389,984)</u>	<u>(368,488)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,340,496	\$ 2,186,620	\$ 2,065,309	\$ 2,008,749
Contributions as a percentage of covered payroll	19.38%	19.13%	18.88%	18.34%

<sup>1</sup> Information is not available prior to June 30, 2014. In future reports, additional years will be added until 10 years of historical data are presented.

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<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
\$ 342,891	\$ 321,862	\$ 296,891
<u>(342,891)</u>	<u>(321,862)</u>	<u>(296,891)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,933,843	\$ 1,899,897	\$ 1,857,899
17.73%	16.94%	15.98%

**AKRON SCHOOL DISTRICT R-1**  
**Schedule of the District's Proportionate Share of the Net OPEB Liability <sup>1</sup>**  
**PERA's Health Care Trust Fund**  
**June 30, 2020**

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
District's proportionate share of the net OPEB liability	0.0253%	0.0249%	0.0250%	0.0249%
District's proportionate share of the net OPEB liability	\$ 284,643	\$ 339,313	\$ 325,839	\$ 323,895
District's covered payroll	\$ 2,277,040	\$ 2,109,308	\$ 2,035,481	\$ 1,972,546
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	12.50%	16.09%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	24.49%	17.03%	17.53%	16.72%

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

<sup>1</sup> Information is not available prior to June 30, 2017. In future reports, additional years will be added until 10 years of historical data are presented.

**AKRON SCHOOL DISTRICT R-1**  
**Schedule of District Contributions <sup>1</sup>**  
**PERA's Health Care Trust Fund**  
**June 30, 2020**

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	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Contractually required contribution	\$ 23,873	\$ 22,304	\$ 21,066	\$ 20,489
Contributions in relation to the contractually required contribution	<u>(23,873)</u>	<u>(22,304)</u>	<u>(21,066)</u>	<u>(20,489)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,340,496	\$ 2,186,620	\$ 2,065,309	\$ 2,008,749
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

<sup>1</sup> Information is not available prior to June 30, 2017. In future reports, additional years will be added until 10 years of historical data are presented.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to the Required Supplementary Information**

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**Note A – Budgetary data**

The District adheres to the following procedures in compliance with Colorado Revised Statutes, establishing the budgetary data in the financial statements:

1. Budgets are required by state law for all funds. Prior to May 31, the superintendent of schools submits to the board of education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the board of education to obtain taxpayer comments.
3. Prior to June 30, the budget is adopted by formal resolution.
4. Prior to January 31, the board of education submits its adopted annual budget to the department of education.
5. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and reallocation of budget line items within any department in the General Fund rests with the superintendent of schools. Revisions that alter the total expenditures of any fund must be approved by the board of education.
6. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the board of education throughout the year. After budget approval, the District board of education may approve supplemental appropriations if an occurrence, condition, or need exists which was not known at the time the budget was adopted.
8. Appropriations lapse at year-end.

**Note B – Factors affecting trends in amounts reported in the pension and OPEB schedules**

Information about factors that significantly affect trends in the amounts reported in the Schedules of the District's Proportionate Share of the Net Pension and OPEB Liabilities and the Schedules of District Contributions is available in PERA's comprehensive annual financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

### **Other Supplementary Information**

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

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## **Budgetary Comparison Schedules - General Fund**

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting of the District's ordinary operations financed primarily from property and specific ownership taxes and state aid. It is the most significant fund in relation to the District's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

**AKRON SCHOOL DISTRICT R-1**  
**General Fund**  
**Budgetary Comparison Schedule - Revenues**  
**For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
<b>Local sources</b>				
Property taxes	\$ 994,116	\$ 1,030,248	\$ 1,033,629	\$ 3,381
Specific ownership taxes	188,000	115,513	197,454	81,941
Delinquent taxes and interest	3,000	2,800	2,437	(363)
Tuition	12,600	9,000	8,291	(709)
Earnings on investments	4,800	6,000	11,273	5,273
Other local revenue	57,000	57,603	98,040	40,437
<b>Total local sources</b>	<b>1,259,516</b>	<b>1,221,164</b>	<b>1,351,124</b>	<b>129,960</b>
Intermediate sources	300	260	259	(1)
<b>State sources</b>				
Equalization	2,806,846	2,823,774	2,823,767	(7)
Vocational education	22,000	18,000	22,036	4,036
ELPA professional development	6,300	5,370		(5,370)
English language proficiency	5,300			-
CPP tax check off			603	603
Kindergarten capital construction		11,706	9,812	(1,894)
Transportation	60,180	57,200	59,504	2,304
READ Act	7,300	7,670	7,670	-
State grants to libraries	4,500	4,500	4,498	(2)
Small rural schools funding	94,771	94,771	94,771	-
Additional at-risk funding	2,000	2,000	2,479	479
State on-behalf payment			55,617	55,617
Services within the BOCES	109,829	109,183	143,654	34,471
<b>Total state sources</b>	<b>3,119,026</b>	<b>3,134,174</b>	<b>3,224,411</b>	<b>90,237</b>
<b>Federal sources</b>				
Title I	68,572	72,955	69,279	(3,676)
Title II-A	16,680	16,854	16,680	(174)
Coronavirus relief			400	400
REAP	6,748	22,191	30,251	8,060
ESSER			2,110	2,110
Services within the BOCES	8,000	8,000	20,573	12,573
<b>Total federal sources</b>	<b>100,000</b>	<b>120,000</b>	<b>139,293</b>	<b>19,293</b>
<b>Total revenues</b>	<b>\$ 4,478,842</b>	<b>\$ 4,475,598</b>	<b>\$ 4,715,087</b>	<b>\$ 239,489</b>

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**AKRON SCHOOL DISTRICT R-1**  
**General Fund**  
**Budgetary Comparison Schedule - Expenditures**  
**For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Expenditures</b>				
<b>Instruction</b>				
Salaries	\$ 1,705,000	\$ 1,705,000	\$ 1,649,099	\$ 55,901
Employee benefits	644,000	647,000	635,713	11,287
Purchased services	286,450	444,400	348,543	95,857
Supplies and materials	116,400	121,000	96,310	24,690
Property	16,850	28,500	23,485	5,015
<b>Total instruction</b>	<b>2,768,700</b>	<b>2,945,900</b>	<b>2,753,150</b>	<b>192,750</b>
<b>Supporting services</b>				
<b>Students</b>				
Salaries	48,000	48,000	46,167	1,833
Employee benefits	19,000	19,000	18,180	820
Purchased services	2,000	2,000	4,233	(2,233)
Supplies and materials	1,500	1,500	794	706
<b>Total students</b>	<b>70,500</b>	<b>70,500</b>	<b>69,374</b>	<b>1,126</b>
<b>Instructional staff</b>				
Salaries	57,000	59,500	74,547	(15,047)
Employee benefits	22,000	22,000	29,856	(7,856)
Purchased services	25,500	25,500	38,520	(13,020)
Supplies and materials	15,000	15,000	12,086	2,914
Property	21,000	21,000	21,759	(759)
<b>Total instructional staff</b>	<b>140,500</b>	<b>143,000</b>	<b>176,768</b>	<b>(33,768)</b>
<b>General administration</b>				
Salaries	121,000	121,000	120,526	474
Employee benefits	35,000	35,000	38,036	(3,036)
Purchased services	94,500	94,500	67,756	26,744
Supplies and materials	8,000	10,000	16,366	(6,366)
<b>Total general administration</b>	<b>258,500</b>	<b>260,500</b>	<b>242,684</b>	<b>17,816</b>

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	230,000	230,000	225,911	4,089
Employee benefits	72,000	74,000	67,473	6,527
Purchased services	17,000	20,600	18,939	1,661
Supplies and materials	7,000	7,000	5,158	1,842
Total school administration	326,000	331,600	317,481	14,119
Business services				
Salaries	36,000	36,000	33,797	2,203
Employee benefits	8,000	8,000	8,061	(61)
Purchased services	7,000	8,500	7,104	1,396
Supplies and materials	2,500	2,500	889	1,611
Other	2,385	10,317	10,317	-
Total business services	55,885	65,317	60,168	5,149
Operations and maintenance				
Salaries	140,000	148,000	145,995	2,005
Employee benefits	56,000	56,000	59,285	(3,285)
Purchased services	91,000	147,300	111,450	35,850
Supplies and materials	137,000	147,000	121,555	25,445
Property	50,000	61,500	42,044	19,456
Total operations and maintenance	474,000	559,800	480,329	79,471
Student transportation				
Salaries	120,000	120,000	134,516	(14,516)
Employee benefits	57,000	57,000	67,595	(10,595)
Purchased services	24,800	26,300	15,009	11,291
Supplies and materials	61,000	62,000	46,111	15,889
Total student transportation	262,800	265,300	263,231	2,069

(continued)

**AKRON SCHOOL DISTRICT R-1**  
**General Fund**  
**Budgetary Comparison Schedule - Expenditures**  
**For the Year Ended June 30, 2020**

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support services				
Purchased services	142,500	142,500	139,064	3,436
Total central support services	142,500	142,500	139,064	3,436
Total supporting services	1,730,685	1,838,517	1,749,099	89,418
Appropriated reserves	734,457	801,987		801,987
Total expenditures	<u>\$ 5,233,842</u>	<u>\$ 5,586,404</u>	<u>\$ 4,502,249</u>	<u>\$ 1,084,155</u>

**Combining Statements and Budgetary Comparison Schedules –  
Nonmajor Governmental Funds**

The District reports the following nonmajor governmental funds:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- Food Service Fund – This fund is used to record financial transactions related to the District's food service operations.
- Pupil Activity Fund – This fund is used to record transactions related to school-sponsored pupil organizations and activities.

**AKRON SCHOOL DISTRICT R-1**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2020**

	Food Service Fund	Pupil Activity Fund	Totals
<b>Assets</b>			
Cash	\$ 16,985	\$ 150,420	\$ 167,405
Certificates of deposit		1,567	1,567
Other receivables	2,009		2,009
Inventories	4,460		4,460
<b>Total assets</b>	<b>\$ 23,454</b>	<b>\$ 151,987</b>	<b>\$ 175,441</b>
<b>Liabilities</b>			
Unearned revenues	\$ 9,598		\$ 9,598
<b>Total liabilities</b>	<b>9,598</b>	<b>\$ -</b>	<b>9,598</b>
<b>Fund balance</b>			
Nonspendable inventories	4,460		4,460
Restricted for food service operations	9,396		9,396
Committed to pupil activities		151,987	151,987
<b>Total fund balance</b>	<b>13,856</b>	<b>151,987</b>	<b>165,843</b>
<b>Total liabilities and fund balance</b>	<b>\$ 23,454</b>	<b>\$ 151,987</b>	<b>\$ 175,441</b>

**AKRON SCHOOL DISTRICT R-1**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2020**

	Food Service Fund	Pupil Activity Fund	Totals
Revenues			
Local sources	\$ 42,990	\$ 149,132	\$ 192,122
State sources	7,416		7,416
Federal sources	111,269		111,269
Total revenues	161,675	149,132	310,807
Expenditures			
Instruction		152,509	152,509
Supporting services	180,597		180,597
Total expenditures	180,597	152,509	333,106
Excess of revenues over (under) expenditures	(18,922)	(3,377)	(22,299)
Other financing sources			
Transfers in	17,593		17,593
Net change in fund balances	(1,329)	(3,377)	(4,706)
Fund balance at beginning of year	15,185	155,364	170,549
Fund balance at end of year	\$ 13,856	\$ 151,987	\$ 165,843

**AKRON SCHOOL DISTRICT R-1**  
**Food Service Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 55,300	\$ 55,300	\$ 42,990	\$ (12,310)
State sources	3,500	3,500	7,416	3,916
Federal sources	106,500	106,000	111,269	5,269
Total revenues	165,300	164,800	161,675	(3,125)
Expenditures				
Salaries	50,000	50,000	50,944	(944)
Employee benefits	25,800	25,800	24,444	1,356
Purchased services	2,000	2,500	2,614	(114)
Supplies and materials	112,500	131,685	102,595	29,090
Total expenditures	190,300	209,985	180,597	29,388
Excess of revenues over (under) expenditures	(25,000)	(45,185)	(18,922)	(32,513)
Other financing sources				
Transfers in	15,000	30,000	17,593	(12,407)
Net change in fund balance	\$ (10,000)	\$ (15,185)	(1,329)	\$ 13,856
Fund balance at beginning of year			15,185	
Fund balance at end of year			\$ 13,856	

**AKRON SCHOOL DISTRICT R-1**  
**Pupil Activity Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Pupil activities	\$ 230,000	\$ 230,000	\$ 149,132	\$ (80,868)
Total revenues	230,000	230,000	149,132	(80,868)
Expenditures				
Instruction				
Purchased services			29,852	(29,852)
Supplies and materials			122,657	(122,657)
Appropriated reserves	385,000	385,364		385,364
Total expenditures	385,000	385,364	152,509	232,855
Net change in fund balance	\$ (155,000)	\$ (155,364)	(3,377)	\$ 151,987
Fund balance at beginning of year			155,364	
Fund balance at end of year			\$ 151,987	

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## **Budgetary Comparison Schedule - Debt Service Fund**

The District reports the following major debt service fund:

Debt Service Fund – These funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

- Bond Redemption Fund – The revenues from a tax levy for the purpose of satisfying bonded indebtedness obligations, both principal and interest and related expenditures, shall be recorded in this fund.

**AKRON SCHOOL DISTRICT R-1**  
**Bond Redemption Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 520,000	\$ 525,000	\$ 527,829	\$ 2,829
Delinquent taxes and interest	1,500	1,500	1,359	(141)
Earnings on investments	400	400	442	42
Total revenues	521,900	526,900	529,630	2,730
Expenditures				
Debt service				
Principal	324,354	324,354	324,354	-
Interest and fiscal charges	200,132	193,512	193,512	-
Appropriated reserves	496,794	512,827		512,827
Total expenditures	1,021,280	1,030,693	517,866	512,827
Net change in fund balance	\$ (499,380)	\$ (503,793)	11,764	\$ 515,557
Fund balance at beginning of year			503,793	
Fund balance at end of year			\$ 515,557	

## **Budgetary Comparison Schedule - Capital Projects Fund**

The District reports the following major capital projects fund:

Capital Projects Fund – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

- Capital Reserve Capital Projects Fund – This fund is a capital projects fund used to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets.

**AKRON SCHOOL DISTRICT R-1  
Capital Reserve Capital Projects Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Earnings on investments	\$ 500	\$ 1,000	\$ 2,237	\$ 1,237
Total revenues	500	1,000	2,237	1,237
Expenditures				
Capital outlay				
Property			514,901	(514,901)
Debt service				
Principal	39,000	38,939	38,939	-
Interest and fiscal charges	4,000	3,972	3,972	-
Appropriated reserves	461,300	462,661		462,661
Total expenditures	504,300	505,572	557,812	(52,240)
Excess of revenues over (under) expenditures	(503,800)	(504,572)	(555,575)	(51,003)
Other financing sources				
Transfers in	100,000	100,000	100,000	-
Capital lease proceeds			900,000	900,000
Total other financing sources	100,000	100,000	1,000,000	900,000
Net change in fund balance	\$ (503,800)	\$ (504,572)	444,425	\$ 948,997
Fund balance at beginning of year			404,572	
Fund balance at end of year			\$ 848,997	

## **Budgetary Comparison Schedule - Fiduciary Fund**

These funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds.

Private-purpose trust funds – These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

- Scholarship Trust Fund – This fund is used to record the financial transactions related to the administration of a scholarship trust that is used to award scholarships to area students.

**AKRON SCHOOL DISTRICT R-1  
 Scholarship Trust Fund  
 Budgetary Comparison Schedule  
 For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Contributions and earnings	\$ 400	\$ 400	\$ 463	\$ 63
Total revenues	400	400	463	63
Expenditures				
Scholarship awards	2,000	2,000	2,000	-
Total expenditures	2,000	2,000	2,000	-
Change in net position	<u>\$ (1,600)</u>	<u>\$ (1,600)</u>	(1,537)	<u>\$ 63</u>
Net position at beginning of year			<u>42,019</u>	
Net position at end of year			<u>\$ 40,482</u>	

**Colorado Department of Education  
Supplementary Schedule**

Auditors' integrity report – This fiscal-year report is required by the Colorado Department of Education to maintain statewide consistency in financial reporting. This report is also used to gather financial data that could affect future state funding.

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**Independent Auditors' Report on Auditors' Integrity Report**

Board of Education  
Akron School District R-1  
Akron, Colorado

We have audited the financial statements of the Akron School District R-1 (the District) as of and for the year ended June 30, 2020, and our report thereon dated November 4, 2020, which expressed an unmodified opinion on those financial statements, appears on pages 1-2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Auditors' Integrity Report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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.

*Lauer, Szabo & Associates, P.C.*

Sterling, Colorado  
November 4, 2020



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 3030 - Akron R-1  
 Fiscal Year 2019-20  
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	1,669,155	4,390,560	4,291,074	1,768,642
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	11,334	206,934	211,176	7,093
<b>Sub- Total</b>	<b>1,680,490</b>	<b>4,597,494</b>	<b>4,502,249</b>	<b>1,775,735</b>
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main, Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	15,185	179,268	180,598	13,856
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	155,364	149,132	152,509	151,987
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	503,793	529,630	517,866	515,556
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	404,572	1,002,237	557,812	848,997
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>	<b>2,759,403</b>	<b>6,457,761</b>	<b>5,911,033</b>	<b>3,306,132</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	42,019	463	2,000	40,482
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
00 Foundations	0	0	0	0
<b>Totals</b>	<b>42,019</b>	<b>463</b>	<b>2,000</b>	<b>40,482</b>

FINAL