

Garfield County School District No. 16

Financial Report

June 30, 2021



**Garfield County School District No. 16
Financial Report
June 30, 2021**

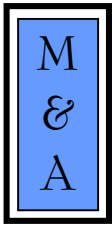
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INDEPENDENT AUDITOR'S REPORT

**To the Board of Education
Garfield County School District No. 16
Parachute, Colorado**

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Garfield County School District No. 16, (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considered internal control relevant to the District'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 evaluation of the appropriateness of accounting policies used and the reasonableness of significant account estimates made by management, as well as evaluating the overall financial statement presentation.

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

Member: American Institute of Certified Public Accountants

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**INDEPENDENT AUDITOR'S OPINION
To the Board of Education
Garfield County School District No. 16**

Opinions

In our opinion, the financial statements referred to above presently fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Garfield County School District No. 16, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The District adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. As a result of the implementation, the District reported a restatement of beginning fund balance in the Pupil Activity Fund for the change in accounting policies, as detailed in note IV.H. Our opinion is not modified with respect to this matter.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Pension Contributions, the Schedule of the District's Proportionate Share of the Other Post-Employment Benefits Liability, the Schedule of District Other Post-Employment Benefits Contributions, and the Notes to the Required Supplemental Information in Section E, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules in Section E are not a required part of the District's basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 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 taken as a whole.

**INDEPENDENT AUDITOR'S OPINION
To the Board of Education
Garfield County School District No. 16**

Other Matters (continued)

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

Additionally, the Schedule of Expenditures of Federal Awards included in the Single Audit section is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the District's financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contract, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control over financial reporting and on compliance.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
January 13, 2022**

Garfield County School District No. 16

Management's Discussion and Analysis



Garfield County School District No. 16 Management Discussion and Analysis June 30, 2021

As management of Garfield County School District No. 16 (the "District"), we offer readers of the District's annual financial report this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the District's financial statement, which follow this section.

Financial Highlights

The District had the following financial results in 2021:

- The District's General Fund balance at the end of fiscal year 2021 was \$5,765,180. This is an increase from the prior year of \$883,199.
- The District's ending General Fund balance consists of 41% of the current year expenditures and outgoing transfers.
- Total revenues for 2021 grew \$116,288 from 2020, while aggregate expenses decreased \$2,319,108.

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of activities.

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

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

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

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

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

Fund Financial Statements

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

Government Funds

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

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

The District's most significant, or "major" governmental funds include the General Fund, the Grant Fund, the Bond Redemption Fund, and the Capital Projects Fund.

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

The basic major governmental fund statements start on page C3.

Notes to the Financial Statements

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a district's financial position. For the year ended June 30, 2021, the District's total net position was \$28,542,188, which included the District's net pension liability of \$23,364,304 and net other post-employment benefits ("OPEB") liability of \$849,488. The net pension and OPEB liabilities are the District's proportionate share of the School Division Trust Fund pension liability and Health Care Trust Fund's collective OPEB liability, respectively, administered by the Public Employees' Retirement Association of Colorado. This was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total pension and OPEB liabilities to December 31, 2020.

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

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

Summary of Net Position

The following table provides a summary of the District's net position as of the fiscal year ended June 30, 2021.

Garfield County School District No. 16's Net Position

	Governmental Activities	
	2021	2020
Assets:		
Current and other assets	\$ 23,731,438	22,350,339
Capital assets, net	69,312,729	71,724,457
Total Assets	93,044,167	94,074,796
Deferred outflow of resources	7,449,461	197,122
Liabilities:		
Other liabilities	2,676,762	3,576,946
Long-term liabilities	58,732,746	60,423,731
Total Liabilities	61,409,508	64,000,677
Deferred inflow of resources	10,541,932	12,162,523
Net Position:		
Invested in capital assets, net of related debt	35,090,753	33,025,619
Restricted	10,697,263	9,861,504
Unrestricted	(17,245,828)	(24,778,405)
Total Net Position	\$ 28,542,188	18,108,718

Of the District's total assets, 74% are capital assets (e.g. land, buildings, and equipment). The District uses these assets to provide instruction and related services to its students.

Long-term liabilities and deferred outflow of resources decreased leading to an increase in Net Position due to a reduction in the District's proportionate share of PERA's net pension and other post-employment benefit liabilities. See more information on the pension and other-post employment benefit liabilities in the Notes to the Financial Statements.

Summary of Activities

Net position for governmental activities increased by \$10,206,820. The following table summarizes the District's change in net position:

Garfield County School District No. 16's Changes in Net Position

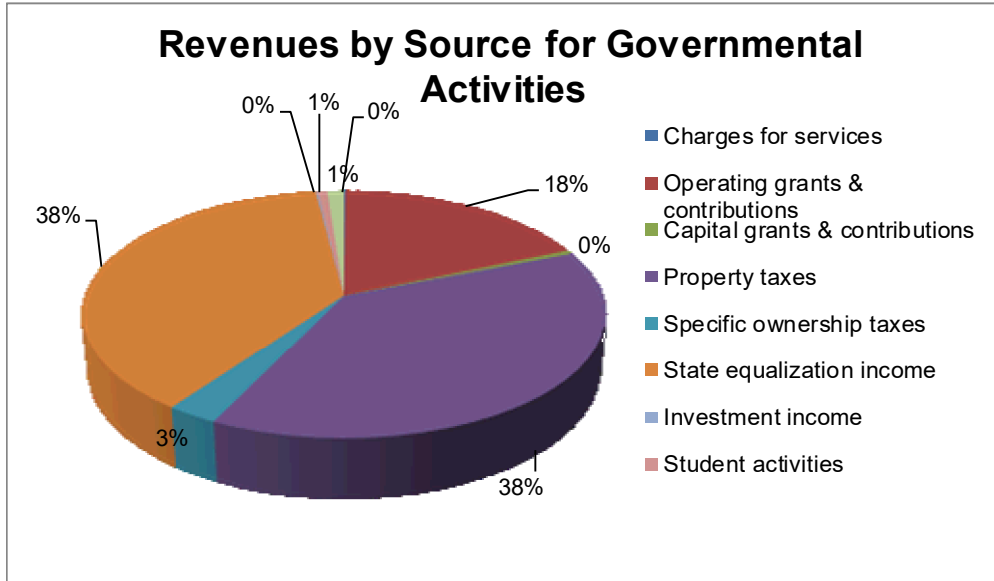
	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 31,083	205,725
Operating grants & contributions	4,387,098	2,933,165
Capital grants & contributions	113,000	-
General revenues:		
Property taxes	9,062,899	9,294,486
Specific ownership taxes	655,687	659,588
Other taxes	-	53,323
State equalization income	9,061,739	9,828,308
Grants and contributions not restricted to specific programs	282,984	354,937
Investment income	27,871	327,854
Student activities	168,949	-
Other revenues	15,402	33,038
	23,806,712	23,690,424
Expenses:		
Direct instruction	7,490,645	8,110,177
Indirect instruction	827,097	1,214,385
General administration	839,043	1,373,298
Support services	549,812	866,507
Custodial and maintenance	1,819,007	2,199,996
Transportation	299,074	347,351
Food service	521,521	566,305
Student activities	215,413	-
Interest on long-term debt	1,038,280	1,169,948
Nonrecurring - COVID-19 expenditures		71,033
	13,599,892	15,919,000
Change in Net Position	10,206,820	7,771,424
Net Position - Beginning of Year (restated)	18,335,368	10,337,294
Net Position - End of Year	\$ 28,542,188	18,108,718

Property taxes, specific ownership tax, and per pupil state formula revenue (School Finance Act- State Equalization) account for most of the District's revenue. The remainder comes from grants and contributions with the remainder from fees charged for services and miscellaneous sources. The District saw a decrease in the State Equalization funding in 2021 due to a decrease in the number of students attending the District of approximately 11% from 2020.

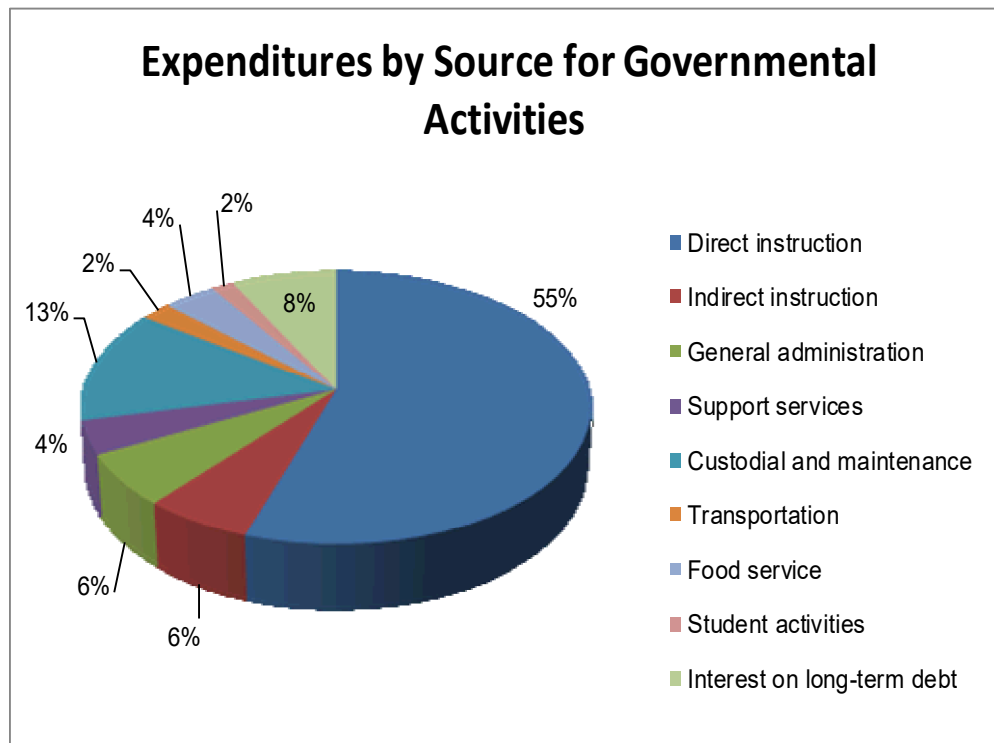
Summary of Activities (continued)

The District's expenses predominantly relate to instruction and support services, which include support for students and instructional staff, administration, operations and maintenance, and transportation. Given that the District is a service organization providing education services to students, the majority of the expenses are paid in the form of compensation (salaries and benefits) to the District's employees. A portion of the increase in net position is attributed to the reduction in the District's proportionate share of PERA's pension and other post-employment benefit liabilities.

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



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



Financial Analysis of the District's Funds: As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned balances may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year. The District did increase its unassigned balance, or fund balance, at the end of this fiscal year; a focus must be made to make an increase each year to that balance to ensure the fiscal health of the District.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$21,114,512. This is an increase of \$2,799,374 from the prior year ending fund balances. The increase mainly relates to increases in property taxes received and a decrease in direct instructional expenditures in the General Fund.

General Fund Budgetary Highlights: The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

The original budget is prepared based on a conservative estimate of enrolled students. This guarantees the District does not overstaff or overextend its financial capabilities. The District's student count experiences significant fluctuations due largely to changes in the local oil and gas industry. The District budgeted a large contingency to ensure the District was able to stay "live within the District's means".

One of the most important variances to discuss is budgeted versus actual revenues and expenditures in the General Fund. Actual revenues were favorable to the final budget by \$780,672, primarily due to a conservative approach in budgeting the State Equalization income, as the District has seen annual declines in the number of students attending the District, decreasing the per pupil funding and the effects felt by the State's negative Budget Stabilization Factor. Actual expenditures were favorable to the final budget by \$1,809,695, which were attributed to savings in salaries and wages due to both shortage of staff and savings in the conservatively budgeted contingency line item.

Capital Assets: The District's investment in capital assets for governmental activities as of June 30, 2021 amounts to \$69,312,729, (net accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and vehicles.

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

Long-Term Debt: As of June 30, 2021, the District had an outstanding debt of \$58,732,746 consisting of the District's net pension and OPEB liabilities, general obligation bonds, early retirement obligations and compensated absences payable. The District's net pension liability increased \$3,081,928 from the previous year.

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

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

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

Next Year's Budget and Rates: The District's General Fund balance at the end of fiscal year 2021 was \$5,765,180. The District budgeted revenues to cover budgeted expenditures in the General Fund for fiscal year 2022.

Request for Information:

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

Garfield County School District No. 16
Director of Business Services
PO Box 68
Parachute, CO 81635.

Garfield County School District No. 16

Basic Financial Statements



Garfield County School District No. 16
Statement of Net Position
June 30, 2021

ASSETS	Governmental Activities
Cash and cash equivalents	110,821
Investments	22,761,084
Accounts receivable, net:	
Taxes	153,454
Other governments	92,813
Other	292,031
Prepaid expenses	277,986
Inventory	43,249
Total current assets	23,731,438
Capital assets:	
Land	3,997,591
Buildings and improvements	98,938,124
Vehicles and equipment	3,397,642
Less: Accumulated depreciation	(37,020,628)
Net capital assets	69,312,729
 Total assets	 93,044,167
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred charge on refunding	48,753
Related to pension	7,333,334
Related to other post-employment benefits	67,374
Total deferred outflows of resources	7,449,461
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	159,394
Accrued salaries	1,121,125
Unearned revenue	1,280,226
Accrued interest	116,017
Total current liabilities	2,676,762
Noncurrent liabilities:	
Accrued compensated absences	197,245
Early retirement obligation	50,980
Bonded debt and capital leases:	
Due within one year	4,095,000
Due in more than one year	30,175,729
Net pension liability	23,364,304
Net other post-employment benefits liability	849,488
Total noncurrent liabilities	58,732,746
 Total liabilities	 61,409,508
DEFERRED INFLOWS OF RESOURCES:	
Related to pension	10,243,462
Related to other post-employment benefits ("OPEB")	298,470
Total deferred inflows of resources	10,541,932
NET POSITION	
Net investment in capital assets	35,090,753
Restricted for:	
Emergencies	501,000
Multi-year obligations	756,580
Debt service	9,439,683
Unrestricted	(17,245,828)
 Total net position	 28,542,188

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Statement of Activities
For the Year Ended June 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
GOVERNMENTAL ACTIVITIES:					
Direct instruction	7,490,645	19,160	2,860,549	113,000	(4,497,936)
Indirect instruction	827,097	-	578,432	-	(248,665)
General administration	839,043	-	-	-	(839,043)
Support services	549,812	-	5,000	-	(544,812)
Custodial and maintenance	1,819,007	-	10,258	-	(1,808,749)
Transportation	299,074	543	266,029	-	(32,502)
Food service	521,521	11,380	666,830	-	156,689
Student activities	215,413	168,949	-	-	(46,464)
Interest on long-term debt	1,038,280	-	-	-	(1,038,280)
Total governmental activities	<u>13,599,892</u>	<u>200,032</u>	<u>4,387,098</u>	<u>113,000</u>	<u>(8,899,762)</u>
GENERAL REVENUES:					
Taxes:					
Property taxes - Levied for general operations					3,039,161
Property taxes - Levied for debt service					6,023,738
Specific ownership taxes					655,687
State equalization income					9,061,739
Grants and contributions not restricted to specific programs					282,984
Investment income					27,871
Other revenue					15,402
Total general revenues					<u>19,106,582</u>
Change in net position					10,206,820
Net Position - Beginning (as restated)					<u>18,335,368</u>
Net Position - Ending					<u>28,542,188</u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Grant Fund	Bond Redemption Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	110,821	-	-	-	-	110,821
Investments	13,352,478	-	9,408,606	-	-	22,761,084
Accounts receivable, net:						
Taxes	59,232	-	94,222	-	-	153,454
Other governments	92,813	-	-	-	-	92,813
Other	8,493	199,516	-	-	84,022	292,031
Due from other funds	74,973	911,912	3,871	4,936,105	860,480	6,787,341
Prepaid expenses	271,525	5,711	-	-	750	277,986
Inventories	-	-	-	-	43,249	43,249
Total Assets	13,970,335	1,117,139	9,506,699	4,936,105	988,501	30,518,779
LIABILITIES						
Accounts payable and accrued expenses	120,890	23,547	-	6,005	8,952	159,394
Accrued salaries	1,121,125	-	-	-	-	1,121,125
Due to other funds	6,754,815	-	32,526	-	-	6,787,341
Unearned revenues	186,634	1,093,592	-	-	-	1,280,226
Total Liabilities	8,183,464	1,117,139	32,526	6,005	8,952	9,348,086
DEFERRED INFLOWS OF RESOURCES:						
Unavailable property taxes	21,691	-	34,490	-	-	56,181
FUND BALANCES						
Non-spendable:						
Prepaid expenses	271,525	5,711	-	-	750	277,986
Inventories	-	-	-	-	43,249	43,249
Restricted:						
TABOR	501,000	-	-	-	-	501,000
Multi-year obligations	756,580	-	-	-	-	756,580
Debt service	-	-	9,439,683	-	-	9,439,683
Colorado Preschool Program Reserve	856	-	-	-	-	856
Committed:						
Food service	-	-	-	-	203,057	203,057
Student activities	-	-	-	-	180,186	180,186
Capital projects	-	-	-	4,930,100	552,307	5,482,407
Assigned						
Unassigned	4,235,219	(5,711)	-	-	-	4,229,508
Total Fund Balances	5,765,180	-	9,439,683	4,930,100	979,549	21,114,512
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	13,970,335	1,117,139	9,506,699	4,936,105	988,501	30,518,779

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

Governmental Funds Total Fund Balance		21,114,512
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Add:

Property taxes receivable will be collected this calendar year, but are not available soon enough to pay for the current period's expenditures and therefore, are deferred in the funds.		56,181
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Capital assets used in governmental activities are not considered current financial resources and therefore, are not reported in the governmental funds:

	Capital assets	106,333,357	
	Accumulated depreciation	<u>(37,020,628)</u>	69,312,729

Changes in pension and OPEB related actuarial assumptions, proportion of collective pension and OPEB amounts, differences between actual and expected experience and investment earnings, and differences between actual and annualized contributions to the pension plan and Health Care Trust Fund are recorded as deferred inflows or outflows of resources and amortized over the average remaining service life of all active and inactive plan members:

	Unamortized Pension-related Deferred Outflows	7,333,334	
	Unamortized Pension-related Deferred Inflows	(10,243,462)	
	Unamortized OPEB-related Deferred Outflows	67,374	
	Unamortized OPEB-related Deferred Inflows	<u>(298,470)</u>	(3,141,224)

Less:

Deferred charges such as deferred refunding costs, and premiums and discounts on bonded debt, are treated as current transactions on the fund financial statements, but are capitalized and amortized on the Statement of Net Position:

	Deferred refunding costs	48,753	
	Premiums and discounts on bonded debt	<u>(1,815,729)</u>	(1,766,976)

Long-term liabilities, including bonds payable, net pension and OPEB liability, accrued compensated absences, leases payable, and accrued interest are not due and payable in the current period and therefore, are not reported in the funds. This is the amount of District long-term liabilities:

	Bonds payable	(32,455,000)	
	Net pension liability	(23,364,304)	
	Net OPEB liability	(849,488)	
	Accrued compensated absences and early retirement	(248,225)	
	Accrued interest	<u>(116,017)</u>	<u>(57,033,034)</u>

Governmental Activities Net Position		<u><u>28,542,188</u></u>
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The accompanying notes are an integral part of these statements.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Bond Redemption Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Local sources:						
Property taxes	3,819,154	-	6,023,740	-	-	9,842,894
Specific ownership taxes	655,687	-	-	-	-	655,687
Investment income	24,000	-	3,841	-	-	27,841
Student activities	-	-	-	-	168,949	168,949
Other revenue	486,888	784,515	-	-	75,831	1,347,234
Total Local sources	<u>4,985,729</u>	<u>784,515</u>	<u>6,027,581</u>	<u>-</u>	<u>244,780</u>	<u>12,042,605</u>
Intermediate sources	11,407	-	-	-	-	11,407
Federal sources	300,059	1,429,235	-	-	619,495	2,348,789
State sources	9,685,630	483,463	-	16,293	3,828	10,189,214
Total Revenues	<u>14,982,825</u>	<u>2,697,213</u>	<u>6,027,581</u>	<u>16,293</u>	<u>868,103</u>	<u>24,592,015</u>
EXPENDITURES						
Direct instruction	6,687,202	1,570,223	-	-	-	8,257,425
Indirect instruction	551,639	848,757	-	-	-	1,400,396
General administration	1,823,776	23,589	-	-	-	1,847,365
Support services	968,111	-	-	-	-	968,111
Custodial and maintenance	2,028,100	49,041	-	-	-	2,077,141
Transportation	343,849	435	-	-	-	344,284
Food service	-	64,829	-	-	580,794	645,623
Capital outlay	96,949	140,339	-	240,600	30,264	508,152
Student activities	-	-	-	-	215,413	215,413
Debt service:						
Principal	-	-	4,055,000	-	-	4,055,000
Interest and fiscal charges	-	-	1,473,731	-	-	1,473,731
Total Expenditures	<u>12,499,626</u>	<u>2,697,213</u>	<u>5,528,731</u>	<u>240,600</u>	<u>826,471</u>	<u>21,792,641</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,483,199</u>	<u>-</u>	<u>498,850</u>	<u>(224,307)</u>	<u>41,632</u>	<u>2,799,374</u>
OTHER FINANCING SOURCES (USES)						
Transfers in (out)	(1,600,000)	-	-	1,500,000	100,000	-
Total Other Financing Sources (Uses)	<u>(1,600,000)</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>	<u>100,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	883,199	-	498,850	1,275,693	141,632	2,799,374
FUND BALANCES - BEGINNING OF YEAR (RESTATE)	4,881,981	-	8,940,833	3,654,407	837,917	18,315,138
FUND BALANCES - END OF YEAR	<u>5,765,180</u>	<u>-</u>	<u>9,439,683</u>	<u>4,930,100</u>	<u>979,549</u>	<u>21,114,512</u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Reconciliation of Revenues, Expenditures and Change in Fund Balances
of Governmental Funds to the Statement of Activities
June 30, 2021

Governmental Funds Change in Fund Balances	2,799,374
<i>Add:</i>	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlays reported as expenditures in the governmental funds.	258,549
Debt principal payments result in a reduction of accumulated resources on the fund financial statements. The government-wide statements show these payments as reductions against long-term liabilities.	4,055,000
Accrued compensated absences and early retirement reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. This is the change in accrued compensated absences during the year.	23,701
Amortization of deferred costs such as premium and discounts on bonds payable and deferred charges from refundings and changes in accrued interest have no impact on current available resources but do change government-wide net position.	435,451
Changes in the District's net pension and OPEB liabilities reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in the District's net pension and OPEB liabilities during the year, including differences between employer contributions to the pension plan or Health Care Trust Fund and amortization of pension-related and OPEB-related deferrals.	6,085,321
<i>Less:</i>	
Deferred property tax revenues do not provide current financial resources and are deferred on the governmental fund financial statements but recognized on the government-wide financial statements. This is the change in the deferred property tax recognized in the Statement of Activities.	(780,299)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense reported as an expenditure in the governmental activities' functions.	(2,670,277)
Governmental Activities Change in Net Position	10,206,820

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

Garfield County School District No. 16

Notes to the Financial Statements



Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021

I. Summary of Significant Accounting Policies

Garfield County School District No. 16 (the "District") is one of three public school districts within Garfield County, Colorado. The District provides academic and vocational curriculum, student transportation, food services, athletic and cultural extracurricular activities, maintenance and general administrative services. The District is located in the Parachute/Battlement Mesa communities on the Western Slope of Colorado. The District operates the following schools:

Preschool and Kindergarten	Middle Schools	High School
Grand Valley center for Family Learning	Grand Valley Middle School	Grand Valley High School
Elementary School		
Bea Underwood Elementary		

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

A. Reporting Entity

The District was reorganized by a vote of qualified electorate in 1947 and operates under an elected Board of Education comprised of five members. As required by GAAP, the financial statements of the reporting entity include those of the District and its component units, entities for which the District is considered financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint the voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon the above criteria, the District is not financially accountable for any other organization. No additional separate governmental units, agencies or nonprofit organizations are included in the financial statements of the District.

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

B. District-wide and Fund Financial Statements

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

1. District-wide Financial Statements

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

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

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

2. Fund Financial Statements

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

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund. Major revenue sources include local property taxes, specific ownership (personal property) taxes, and State of Colorado equalization funding, as determined by the School Finance Act of 1994, as amended. Expenditures include all costs assisted with the daily operation of the schools, except for certain programs funded by grants from federal and state governments, certain capital outlay expenditures, debt service, food service operations, and other pupil activities.

The *Grant Fund* accounts for all federal, state, and local grants which are restricted as to the type of expenditures for which they may be used.

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements (continued)

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

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

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

1. Long-term Economic Focus and Accrual Basis

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

2. Current Financial Focus and Modified Accrual Basis

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

3. Financial Statement Presentation

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

D. Financial Statement Accounts

1. Cash, Cash Equivalents, and Investments

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

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

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

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

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. At June 30, 2021, the District deems all receivables collectable and therefore does not have an allowance for uncollectible accounts established.

3. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental units until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

4. Inventory and Prepaid Items

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

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

5. Capital Assets

Capital assets, which include land, land improvements, construction in progress, buildings and improvements, equipment, and vehicles, are reported in the governmental column in the government-wide financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost where historical records are available and at an estimated historical cost where no historical record exists. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	5 - 40
Vehicles and equipment	5 - 20

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. Deferred Outflows and Inflows of Resources

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

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

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

7. Compensated Absences

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

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

8. Long-term Debt

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

8. Long-term Debt (continued)

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

9. Pensions

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

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2021.

10. Post-Employment Benefits

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

11. Fund Balance and Fund Classifications

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

The District classifies governmental fund balances as follows:

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

Spendable Fund Balance:

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

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

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

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

11. Fund Balance and Fund Classifications (continued)

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

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

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

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

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

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

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

12. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as “due from other funds” or “due to other funds” on the balance sheet when they are expected to be liquidated within one year. If the receivable or payable is not expected to be liquidated after one year, it is classified as “advances to other funds” or “advances from other funds”.

E. Significant Accounting Policies

1. Use of Estimates

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

2. Credit Risk

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

3. Comparative Information

These financial statements include certain prior year comparative information which have been reclassified in the 2021 financial statements. Accordingly, such information should be read in conjunction with the District’s financial statements for the year ended June 30, 2021; from which such comparative totals were derived.

II. Stewardship, Compliance, and Accountability

A. Bond Trustee

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

II. Stewardship, Compliance, and Accountability (continued)

B. Budgetary Information

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

As required by Colorado Statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for fiscal year 2021:

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

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

<u>Fund</u>	<u>Original Appropriation</u>	<u>Final Appropriation</u>	<u>Change</u>
General Fund	\$ 14,442,546	14,309,321	(133,225)
Grant Fund	800,185	3,761,582	2,961,397
Capital Projects Fund	420,000	436,293	16,293

C. TABOR Amendment

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

II. Stewardship, Compliance, and Accountability (continued)

C. TABOR Amendment (continued)

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

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending. The District has reserved \$501,000 of its June 30, 2021 fund balances for this purpose.

In 1997, the District's electorate approved the following ballot question: *"Without increasing any tax rates or imposing any new tax shall Garfield County School District 16 be authorized to collect, keep and expend all District revenues received in fiscal year 1998 and each year thereafter without regard to any spending, revenue raising or other limitation in Article X, Section 20 of the Colorado Constitution or other laws of the state?"*.

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

III. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution for interest-bearing accounts. Non-interest bearing accounts are fully insured. Deposit balances for interest-bearing accounts over \$250,000 are collateralized as required by PDPA.

The District is governed by the deposit and investment limitations of state law. The deposits and investment balances (including the agency fund) at June 30, 2021, are as follows:

<u>Type:</u>	<u>Standard & Poors Rating</u>	<u>Balance</u>	<u>Maturities</u>	
			<u>Less Than One Year</u>	<u>Less Than Five Years</u>
<i>Deposits:</i>				
Petty Cash	Not rated	\$ 5,325	5,325	-
Checking accounts	Not rated	105,496	105,496	-
<i>Investments:</i>				
Investment pool	AAAm	22,761,084	22,761,084	-
		<u>\$ 22,871,905</u>	<u>22,871,905</u>	<u>-</u>

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

The investment pool represents investments in the Colorado Government Liquid Asset Trust (“COLOTRUST”) which is a 2a7-like pool. The fair value of the pool is determined by the pool’s share price. The District has no regulatory oversight for the pool.

Interest Rate Risk. The District limits investments maturities as required by state statutes as a means of managing its exposure to fair value losses arising from increasing interest rates. State statutes require the District to limit maturities to five years from the date of purchase. Maturities of investments held at June 30, 2021 are provided in the previous schedule. The District coordinates its investment maturities to closely match cash flow needs.

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

Concentration of Credit Risk. The District diversifies its investments by security type and institution. The District places no limit on the amount it may invest in any one issuer.

Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by GAAP.

At June 30, 2021, the District had the following recurring fair value measurements:

<u>Investments Measured at Net Asset Value</u>	<u>Total</u>
COLOTRUST	<u>\$ 22,761,084</u>

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

B. Receivables and Unavailable Revenue

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

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Grant Fund</u>	<u>Bond Redemption Fund</u>	<u>Total Governmental Funds</u>
Receivables:					
Taxes	\$ 59,232	-	-	94,222	153,454
Accounts	8,492	-	-	-	8,492
Other	-	84,022	199,517	-	283,539
Intergovernmental	92,813	-	-	-	92,813
Net Receivables	<u>\$ 160,537</u>	<u>84,022</u>	<u>199,517</u>	<u>94,222</u>	<u>538,298</u>

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

C. Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,968,293	29,298	-	3,997,591
Total capital assets, not being depreciated	<u>3,968,293</u>	<u>29,298</u>	<u>-</u>	<u>3,997,591</u>
Capital assets, being depreciated:				
Buildings and improvements	98,858,814	96,610	(17,300)	98,938,124
Vehicles and equipment	3,265,001	132,641	-	3,397,642
Total capital assets being depreciated	<u>102,123,815</u>	<u>229,251</u>	<u>(17,300)</u>	<u>102,335,766</u>
Total capital assets - Cost	<u>106,092,108</u>	<u>258,549</u>	<u>(17,300)</u>	<u>106,333,357</u>
Less accumulated depreciation for:				
Buildings and improvements	(31,861,626)	(2,510,592)	17,300	(34,354,918)
Vehicles and equipment	(2,506,025)	(159,685)	-	(2,665,710)
Total accumulated depreciation	<u>(34,367,651)</u>	<u>(2,670,277)</u>	<u>17,300</u>	<u>(37,020,628)</u>
Governmental activities capital assets, net	<u>\$ 71,724,457</u>	<u>(2,411,728)</u>	<u>-</u>	<u>69,312,729</u>

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

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

	<u>Capital Outlay</u>	<u>Depreciation Expense</u>
Governmental activities:		
Direct instruction	\$ 131,720	2,361,851
General administration	29,298	2,444
Custodial and maintenance	81,953	191,773
Transportation	-	72,414
Food service	15,578	41,795
Total - governmental activities	<u>\$ 258,549</u>	<u>2,670,277</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2021, was as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
Combined General Fund:		
General Fund	\$ -	6,754,815
Colorado Preschool Fund	74,973	-
Grant Fund	911,912	-
Pupil Activity Fund	185,216	-
Bond Redemption Fund	3,871	32,526
Food Services Fund	122,958	-
Royalty Fund	552,307	-
Capital Projects Fund	4,936,104	-
	<u>\$ 6,787,341</u>	<u>6,787,341</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

D. Interfund Receivables, Payables, and Transfers (continued)

Transfers for fiscal year 2021 were as follows:

<u>Transfer In (Out)</u>	<u>Amount</u>	<u>Transfer Purpose</u>
Combined General Fund:		
General Fund	\$ (2,036,194)	To fund food service operations, future capital purchases, and the Head Start program
Colorado Preschool Fund	436,194	Fund preschool fund
Capital Projects	1,500,000	Funding future capital purchases
Food Services Fund	100,000	Funding from the General Fund
Total	<u>\$ -</u>	

E. Long-term Debt – Governmental Activities

1. General Obligation Refunding Bonds, Series 2005

On March 24, 2005, the District issued General Obligation Refunding Bonds, Series 2005 in the amount of \$6,785,000. Proceeds of the bond issue were used to advance refund a portion of the General Obligation Bonds, Series 2000 and to pay costs of issuance. The bonds are issued in denominations of \$5,000 and bear interest rates from 3.00% to 4.25%. As noted below the remaining \$3,545,000 of bonds were advance refunded in January 2015.

2. General Obligation Bonds, Series 2007

On January 23, 2007, the District issued General Obligation Bonds, Series 2007 in the amount of \$35,000,000. Proceeds from the bonds were used to repair and improve school buildings, to acquire land and construct a new middle school, to renovate the existing middle school for use as an elementary school, to renovate and expand the Early Childhood Literacy Center, to construct a new transportation and maintenance facility, and to pay costs of issuance. The bonds are issued in denominations of \$5,000 and bear interest rates from 4.00% to 5.00%. Bonds maturing on or after December 1, 2017, are subject to early redemption on December 1, 2016. The District's debt matures in fiscal year 2022.

3. General Obligation Bonds Refunding Bonds, Series 2010

On August 24, 2010, the District issued General Obligation Refunding Bonds, Series 2010 in the amount of \$3,095,000. Proceeds of the bond issue were used to advance refund the outstanding General Obligation Bonds, Series 2001 and to pay costs of issuance. The bonds are issued in denominations of \$5,000 and bear interest rates from 2.00% to 4.00%. The District's debt matured in fiscal year 2021.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

E. Long-term Debt (continued)

4. General Obligation Bonds Refunding Bonds, Series 2013

On April 3, 2013, the District issued General Obligation Refunding Bonds, Series 2013 in the amount of \$14,925,000. Proceeds of the bond issue were used to advance refund a portion of the outstanding General Obligation Bonds, Series 2007 and to pay costs of issuance. The bonds are issued in denominations of \$5,000 and bear interest rates from 2.00% to 5.00%. The District's debt matures in fiscal year 2021.

5. General Obligation Bonds, Series 2015A and General Obligation Refunding Bonds, Taxable Series 2015B

In January 2015, the District issued General Obligation Bonds, Series 2015A ("2015A bonds") in the amount of \$29,365,000 and General Obligation Refunding Bonds Taxable Series 2015B ("2015B bonds") in the amount of \$3,730,000.

Proceeds from the 2015A bonds will be used to acquire, construct, repair and improve District capital assets, and to pay costs of issuance. The bonds are issued in denominations of \$5,000 and bear interest rates from 2.00% to 5.00%. Bonds maturing on or after December 1, 2025, are subject to early redemption on December 1, 2024. The District's debt matures in fiscal year 2027.

Proceeds of the 2015B were used to advance refund a portion of the outstanding General Obligation Bonds, Series 2005 and to pay costs of issuance. The bonds are issued in denominations of \$5,000 and bear interest rates from 0.50% to 2.43%. The interest on the 2015B bonds is subject to federal income tax, because the federal tax code limits the number of advance refunding which can be issued by the District. The District's debt matures in fiscal year 2020. The present value savings on the bond refunding was \$118,696.

6. Debt Compliance

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

7. Defeasance of Debt

As noted above, proceeds of 2005, 2010, and 2015B refunding bond issuances were used to purchase U.S. government securities to retire previous bonds issues. Sufficient U.S. government, state and local governmental securities were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District's financial records. The amount of the District's defeased debt is not readily determinable.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

E. Long-term Debt (continued)

8. Schedule of Future Payments

The District's aggregate annual debt service requirements for general obligation bonds at June 30, 2021, are as follows:

Fiscal Year Ending	Total	
	Total Principal	Total Interest
2022	\$ 4,095,000	1,299,875
2023	4,290,000	1,157,150
2024	4,390,000	1,018,950
2025	4,565,000	817,025
2026	4,795,000	583,025
2027 - 2031	10,320,000	442,975
Total	32,455,000	5,319,000
	1,815,729	Add: Unamortized bond premium
	<u>\$ 34,270,729</u>	Total bonded debt and capital leases

9. Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2021:

	July 1, 2020	Additions	Reductions	June 30, 2021	Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
Refunding Bonds, Series 2010	\$ 300,000	-	(300,000)	-	-
Refunding Bonds, Series 2013	6,075,000	-	(2,985,000)	3,090,000	3,090,000
Building Bonds, Series 2015A	29,365,000	-	-	29,365,000	1,005,000
Taxable Refunding Bonds, Series 2015B	770,000	-	(770,000)	-	-
Unamortized bond premium	2,385,960	-	(570,231)	1,815,729	-
Accrued compensated absences	198,982	-	(1,737)	197,245	-
Early retirement obligation	72,944	-	(21,964)	50,980	50,980
Net OPEB liability	995,438	-	(145,950)	849,488	-
Net pension liability	20,282,376	-	3,081,928	23,364,304	-
Total Governmental Activities	<u>\$ 60,445,700</u>	<u>-</u>	<u>(1,712,954)</u>	<u>58,732,746</u>	<u>4,145,980</u>

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

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

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

Benefits provided as of December 31, 2020. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit
- The value of the retiring employee’s member contribution account plus a 100% 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% and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100% 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% or 100% 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.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

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

Benefits provided as of December 31, 2020 (continued)

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

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

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

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

Contribution provisions as of June 30, 2021: Eligible employees of, the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Eligible employees are required to contribute 8.75% of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below:

	For the Year Ended June 30, 2021
Employer contribution rate	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-2018(1)(f)	(1.02%)
Amount apportioned to the Trust Fund	9.88%
Amortization equalization disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to Trust Fund	19.88%

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

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

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 \$1,601,771 for the year ended June 30, 2021.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

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

Pension Liabilities: The net pension liability for the SCHDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation.

At June 30, 2021, the District reported a liability of \$23,364,304 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

The District's proportionate share of the net pension liability	\$ 23,364,304
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	-
Total	\$ 23,364,304

At December 31, 2020, the District proportion was 0.1545%, which was an increase of 0.0188% from its proportion of 0.1358% measured as of December 31, 2019.

Pension Expense: For the year ended June 30, 2021, the District recognized a credit pension expense of \$4,419,629 and revenue of \$0 for support from the State as a nonemployer contributing entity.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

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

Deferred Outflows of Resources and Deferred Inflows of Resources: At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,283,753	-
Changes of assumptions or other inputs	2,247,573	3,927,342
Net difference between projected and actual earnings on pension plan investments	-	5,143,015
Changes in proportionate share of contributions	3,008,355	1,173,105
Contributions subsequent to the measurement date	793,653	-
Total	\$ 7,333,334	10,243,462

\$793,653 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date of December 31, 2020, will be recognized as a reduction of the net pension liability calculated at the December 31, 2021 measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ (3,959,495)
2023	1,496,054
2024	(428,998)
2025	(811,342)
Total	\$ (3,703,781)

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

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

Actuarial assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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

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

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

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

Actuarial Assumptions (continued)

The actuarial assumptions used in the December 31, 2019, 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 PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	70.00%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.40% - 11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06 ¹	Finance by the Annual Increase Reserve (AIR)

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

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

Actuarial Assumptions (continued)

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a benefit-weighted basis.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

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

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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 nominal rate of return assumption of 7.25 percent.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

F. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Discount rate (continued)

- 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. Employer contributions also include 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, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, 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 FNP position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

F. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Discount rate (continued)

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index 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%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 31,870,824	\$ 23,364,304	\$ 16,275,570

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

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources

Plan description. Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the 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 (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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

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

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

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

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

II. Detailed Notes on All Funds (continued)

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

DPS Benefit Structure. The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The 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% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. For the year ended June 30, 2021, the District's contributions to HCTF were approximately \$75,735.

Liabilities: At June 30, 2021, the District reported a liability of \$849,488 for its proportionate share of net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2020. The District proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the District proportion was 0.0894%, which was an increase of 0.0008% from its proportion of 0.0886% measured as of December 31, 2019.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: For the year ended June 30, 2021, the District recognized OPEB expense of \$18,262. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expenses and actual experience	\$ 2,256	186,758
earnings on plan investments	-	34,710
Changes in proportionate share of contributions	18,050	24,912
Contributions subsequent to measurement date	40,721	-
	\$ 67,374	298,470

\$40,721 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 calculated at the December 31, 2021 measurement date. 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:	Amortization
2022	\$ (63,571)
2023	(58,715)
2024	(68,940)
2025	(58,663)
2026	(20,628)
Thereafter	(1,300)
Total	\$ (271,817)

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Actuarial assumptions. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% in 2020, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

Medicare Plan	Initial Costs for Members without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured R>	\$ 588	227	550
Kaiser Permanente Medicare Advantage HMO	\$ 621	232	586

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Actuarial Assumptions (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, 2019, 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 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>
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
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 used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were 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.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Actuarial assumptions (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.

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40% - 11.00%	3.20% - 11.30%	2.80% - 5.30%
State Troopers	3.20%-2.40%	N/A	3.20% - 12.40%	N/A

¹ C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees v the Local Government Division, effective January 1, 2020. See Note 4 to the Financial Statements in PERA's 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25%.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Actuarial Assumptions (continued)

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83 percent of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation 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 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above. The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40% per year to 2.30% per year.
- Real rate of investment return assumption increased from 4.85% per year, net of investment expenses to 4.95% per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50% per year to 3.00% per year.

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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 nominal rate of return assumption of 7.25%.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50
Initial Medicare Part A trend rate	2.50%	3.50%	4.50
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50
Collective Net OPEB Liability	\$ 925,665,000	950,225,000	978,816,00
Proportionate Share of Net OPEB Liability	\$ 827,532	849,488	875,04

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, 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 3.00%.
- 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.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Detailed Notes on All Funds (continued)

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate: Based on the above assumptions and methods, the HCTF's FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Collective Net OPEB Liability	\$ 925,665,000	950,225,000	978,816,000
Proportionate share of the net OPEB liability	\$ 827,532	849,488	875,048

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

IV. Other Information

A. Defined Contribution Pension Plan

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

Funding Policy. The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. There were no 401(k) Plan member contributions from the District for the year ended June 30, 2021.

B. Risk Management

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Other Information (continued)

B. Risk Management (continued)

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

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

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

C. Contingencies

1. Legal Claims

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at June 30, 2021.

2. Federal Programs

Funds received from Federal grants are subject to audit and disallowance of ineligible cost. Management of the District feels any potential questioned or disallowed costs or liability arising from the Federal program audits would not materially affect the fairness of the presentation of the financial statements at June 30, 2021.

3. State Programs

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

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Other Information (continued)

D. Mill Levy Override Approvals

On November 4, 2003, the electorate approved a ballot question authorizing the District to raise and expend local property tax revenues of \$996,000 in excess of limitations set forth by the Public School Finance Act of 1994 and Section 20 of Article X of the State Constitution.

In November 2014 the electorate approved an extension of the General Fund Override ballot question. In accordance with the ballot language, funds are to be designated for use for:

- Recruiting, training and retaining high quality teachers and staff, and
- Providing a rigorous curriculum that prepares students for college and the workplace

E. Jointly Governed Organization – BOCES

The District, together with three school districts, participates in the Colorado River Board of Cooperative Educational Services (the “BOCES”). The purpose of the BOCES is to pool resources of the individual districts and to provide services common to each on a basis that is more economical than if the same services were provided individually. Administrative costs are borne equally by the districts. Administrative costs and services by BOCES are charged to each district based upon individual needs and the student population.

The Board of the BOCES consists of one member of each participating district. Each district has equal voting rights in the decisions of the BOCES.

The BOCES has issued its own audited financial statements for the year ended June 30, 2020, the latest available data. The following summary information is presented:

Assets	\$ 1,106,750
Deferred Outflows of Resources	548,976
Liabilities	5,133,389
Deferred Inflows of Resources	4,042,094
Net Position	<u>\$ (7,519,757)</u>
Expenses	\$ (2,425,119)
Program Revenues	3,990,358
General Revenues	424
Change in Net Position	<u>1,565,663</u>
Net Position - Beginning	<u>(9,085,420)</u>
Net Position - Ending	<u>\$ (7,519,757)</u>

For the year ended June 30, 2021, the District made operating contributions of \$487,758.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Other Information (continued)

F. Colorado School District Self Insurance Pool

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

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

The District's share in the Pool is not determinable from current information. The Pool has issued its own audited financial statements for the year ended June 30, 2020 the latest available data. The following summary information is presented:

Admitted Assets	\$ 50,982,972
Liabilities	<u>(23,141,059)</u>
Surplus	<u>\$ 27,841,913</u>
Revenues	\$ 32,887,243
Expenses	<u>(26,904,016)</u>
Net Income	<u>5,983,227</u>
Change in nonadmitted assets	<u>48,913</u>
Surplus - Beginning	<u>21,809,773</u>
Net Position - Ending	<u>\$ 27,841,913</u>

G. State Statutes

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

Fund	Final Budget	Actual	Expenditures in excess of budget	Reason
Food Service Fund	556,965	580,794	23,829	Commodities used (\$37,000) are not budgeted by the District as the annual expenditures will always equal the budget.

Garfield County School District No. 16
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Other Information (continued)

H. Restatement of Pupil Activity Fund

In 2021, the District implemented Government Accounting Standards Board Statement No. 84 ("GASB 84"), Fiduciary Activities, which establishes new criteria for identifying and reporting fiduciary activities for state and local governments. The District previously reported the activity of Pupil Activity Funds as fiduciary funds. After implementation of GASB 84, the District has moved Pupil Activity Funds from a fiduciary fund to a special revenue fund. GASB 84 is implemented retroactively, which resulted in a restatement of Net Position and Fund Balance of \$255,620.

Garfield County School District No. 16

Required Supplementary Information



Garfield County School District No. 16
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
For the Year Ended June 30, 2021
(With Comparative Actual Amounts for 2020)

	2021			Final Budget Variance Positive (Negative)	2020
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
REVENUES					
Local sources:					
Property taxes levied for general purposes	3,760,012	3,760,012	3,819,154	59,142	3,755,952
Specific ownership taxes	596,856	596,856	655,687	58,831	659,588
Investment income	150,000	150,000	24,000	(126,000)	257,153
Other taxes	15,000	15,000	-	(15,000)	53,323
Other	546,295	561,271	486,888	(74,383)	552,947
Total Local sources	<u>5,068,163</u>	<u>5,083,139</u>	<u>4,985,729</u>	<u>(97,410)</u>	<u>5,278,963</u>
Federal sources	496,473	269,273	300,059	30,786	435,164
Intermediate sources	30,000	30,000	11,407	(18,593)	44,531
State sources:					
Equalization	8,635,671	8,635,671	9,045,447	409,776	9,792,385
Other	190,275	190,275	640,183	449,908	384,618
Total State sources	<u>8,825,946</u>	<u>8,825,946</u>	<u>9,685,630</u>	<u>859,684</u>	<u>10,177,003</u>
Total Revenues	<u>14,420,582</u>	<u>14,208,358</u>	<u>14,982,825</u>	<u>774,467</u>	<u>15,935,661</u>
EXPENDITURES					
Direct instruction	7,475,597	7,361,460	6,687,202	674,258	6,948,124
Indirect instruction	1,179,579	1,149,376	551,639	597,737	822,333
General administration	1,963,981	1,899,713	1,823,776	75,937	1,948,625
Support services	1,041,531	1,056,508	968,111	88,397	1,152,466
Custodial and maintenance	2,051,547	2,051,547	2,028,100	23,447	2,073,103
Transportation	356,611	356,611	343,849	12,762	339,659
Capital outlay	25,591	85,997	96,949	(10,952)	194,998
Debt service:					
Principal retirement	-	-	-	-	152,862
Other debt service	-	-	-	-	71,033
Contingency	348,109	348,109	-	348,109	-
Total Expenditures	<u>14,442,546</u>	<u>14,309,321</u>	<u>12,499,626</u>	<u>1,809,695</u>	<u>13,703,203</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(21,964)</u>	<u>(100,963)</u>	<u>2,483,199</u>	<u>2,584,162</u>	<u>2,232,458</u>
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	<u>(70,000)</u>	<u>8,998</u>	<u>(1,600,000)</u>	<u>(1,608,998)</u>	<u>(840,000)</u>
Total Other Financing Sources (Uses)	<u>(70,000)</u>	<u>8,998</u>	<u>(1,600,000)</u>	<u>(1,608,998)</u>	<u>(840,000)</u>
NET CHANGE IN FUND BALANCES - BUDGET BASIS	<u>(91,964)</u>	<u>(91,965)</u>	<u>883,199</u>	<u>975,164</u>	<u>1,392,458</u>
RECONCILIATION TO GAAP BASIS:					
Pension direct distribution - Special funding			-		194,847
Pension expense - Special funding			-		(194,847)
NET CHANGE IN FUND BALANCES - GAAP BASIS			<u>883,199</u>		<u>1,392,458</u>
FUND BALANCES - BEGINNING OF YEAR			<u>4,881,981</u>		<u>3,489,523</u>
FUND BALANCES - END OF YEAR			<u>5,765,180</u>		<u>4,881,981</u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Grants Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2021
(With Comparative Actual Amounts for 2020)

	2021			Final Budget Variance Positive (Negative)	2020
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
REVENUES					
Local sources	316,834	1,301,004	784,515	(516,489)	755,352
Federal sources	256,711	1,573,739	1,429,235	(144,504)	288,831
State income	226,640	886,839	483,463	(403,376)	551,721
Total revenues	<u>800,185</u>	<u>3,761,582</u>	<u>2,697,213</u>	<u>(1,064,369)</u>	<u>1,595,904</u>
EXPENDITURES					
Direct instruction	235,372	2,198,554	1,570,223	628,331	560,971
Indirect instruction	564,813	1,177,315	848,757	328,558	874,662
General administration	-	597	23,589	(22,992)	6,698
Custodial and maintenance	-	171,470	49,041	122,429	34,942
Transportation	-	435	435	-	2,954
Food service	-	67,749	64,829	2,920	1,492
Capital outlay	-	145,462	140,339	5,123	114,185
Total expenditures	<u>800,185</u>	<u>3,761,582</u>	<u>2,697,213</u>	<u>1,064,369</u>	<u>1,595,904</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Garfield County School District No. 16
Schedule of the District's Proportionate Share of the Net Pension Liability
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

For the year-ended at the measurement date of December 31	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability	0.1545%	0.1358%	0.1371%	0.1621%	0.1586%	0.1467%	0.1457%	0.1533%
District's proportionate share of the net pension liability	23,364,304	20,282,376	24,284,082	52,425,365	47,211,841	22,440,321	19,753,937	19,575,659
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	-	194,847	197,215	-	-	-	-	-
Total proportionate share of the net pension liability associated with the District	<u>23,364,304</u>	<u>20,477,223</u>	<u>24,481,297</u>	<u>52,425,365</u>	<u>47,211,841</u>	<u>22,440,321</u>	<u>19,753,937</u>	<u>19,575,659</u>
District's covered payroll	8,057,197	7,963,152	7,539,428	7,478,617	7,116,816	6,394,179	6,105,851	6,181,921
District's proportionate share of the net pension liability as a percentage of its covered payroll	290%	255%	322%	701%	663%	351%	324%	317%
Plan fiduciary net position as a percentage of the total pension liability	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%	62.84%	64.07%

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

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

Garfield County School District No 16
Schedule of District's Pension Contributions
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

Fiscal year-ended June 30,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	1,601,771	1,534,553	1,480,237	1,402,037	1,290,279	1,108,111	1,003,192	960,053
Contributions in relation to the contractually required contribution	<u>(1,601,771)</u>	<u>(1,534,553)</u>	<u>(1,480,237)</u>	<u>(1,402,037)</u>	<u>(1,290,279)</u>	<u>(1,108,111)</u>	<u>(1,003,192)</u>	<u>(960,053)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	8,057,197	7,697,060	7,737,691	7,424,996	7,116,816	6,394,179	6,105,851	6,181,921
Contributions as a percentage of covered payroll	19.88%	19.94%	19.13%	18.88%	18.13%	17.33%	16.43%	15.53%

* Information is only available beginning in fiscal year 2014.

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

Garfield County School District No 16
Schedule of the District's Proportionate Share of the Other Post-Employment Benefits Liability
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

For the year-ended at the measurement date of December 31,	2020	2019	2018	2017	2016
District's proportion of the net OPEB liability	0.0894%	0.0886%	0.0891%	0.0921%	0.0901%
District's proportionate share of the net OPEB liability	849,488	995,438	1,212,828	1,197,173	1,168,591
District's covered payroll	8,057,197	7,963,152	7,539,428	7,478,617	7,116,816
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	948%	800%	622%	625%	609%
Plan fiduciary net position as a percentage of the total OPEB liability	32.78%	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.
Information is only available beginning in fiscal year 2017.

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

Garfield County School District No 16
Schedule of District's Other Post-Employment Benefits Contributions
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

Fiscal year-ended June 30,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	82,183	78,510	78,924	75,735	76,118
Contributions in relation to the contractually required contribution	<u>(82,183)</u>	<u>(78,510)</u>	<u>(78,924)</u>	<u>(75,735)</u>	<u>(76,118)</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
District's covered payroll	8,057,197	7,697,060	7,737,691	7,424,997	7,462,533
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%

* Information is only available beginning in fiscal year 2017.

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

Garfield County School District No. 16
Notes to the Required Supplementary Information
June 30, 2021

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

A. Changes to Assumptions or Other Inputs

1. Changes since the December 31, 2019 actuarial valuation:

- The price inflation assumption was lowered from 2.4 percent to 2.30 percent.
- The wage inflation assumption was lowered from 3.5 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Healthy Retiree Table, adjusted as follow:
- Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2019 Contingent Survivor Table, adjusted as follows:
- Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a head-count weighted basis.

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

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

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

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

Garfield County School District No. 16
Notes to the Required Supplementary Information
June 30, 2021
(Continued)

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

A. Changes to Assumptions or Other Inputs (continued)

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

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

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

- The investment return assumption was lowered from 7.5 percent to 7.25 percent
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent
- The post-retirement mortality assumption for healthy lives for the School and Denver Public School ("DPS") Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93 percent factor applied to ages below 80 and a 113 percent factor applied to age 80 and above, projected to 2018, or males, and a 68 percent factor applied to ages below 80 and a 106 percent factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90 percent of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35 percent to 0.40 percent.
- The SEIR for the School Division Trust Fund was lowered from 7.50 percent to 5.26 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.

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

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18-month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

Garfield County School District No. 16
Notes to the Required Supplementary Information
June 30, 2021
(Continued)

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

A. Changes to Assumptions or Other Inputs (continued)

7. Changes Since the December 31, 2014 Actuarial Valuation are as Follows (continued):

- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

B. Changes of Benefit Terms

No changes during the years presented.

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

No changes during the years presented.

II. Schedule of District Pension Contributions

A. Changes to Assumptions or Other Inputs

No changes during the years presented.

B. Changes of Benefit Terms

No changes during the years presented.

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

No changes during the years presented.

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

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit term

No changes during the years presented.

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

No changes during the years presented.

Garfield County School District No. 16
Notes to the Required Supplementary Information
June 30, 2021
(Continued)

IV. Schedule of District Other Post-Employment Benefits Contributions

A. Changes to assumptions or other inputs

1. Changes since the December 31, 2019 actuarial valuation:

- Changes since the December 31, 2019 to the HCTF actuarial valuation are the same as the changes to the SCHDTF noted in Note I.A.1 above.

B. Changes of benefit terms

No changes during the years presented.

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

No changes during the years presented.

Garfield County School District No. 16

Supplementary Information



GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
Bond Redemption Fund
For the Year Ended June 30, 2021
(With Comparative Actual Amounts for 2020)

	2021			Final Budget Variance Positive (Negative)	2020
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
REVENUES					
Local sources:					
Property taxes levied for debt service	5,528,731	5,528,731	6,023,740	495,009	5,467,464
Investment income	-	-	3,841	3,841	67,085
Total Revenues	<u>5,528,731</u>	<u>5,528,731</u>	<u>6,027,581</u>	<u>498,850</u>	<u>5,534,549</u>
EXPENDITURES					
Debt service:					
Principal	4,055,000	4,055,000	4,055,000	-	3,895,000
Interest and fiscal charges	1,473,731	1,473,731	1,473,731	-	1,654,593
Total Expenditures	<u>5,528,731</u>	<u>5,528,731</u>	<u>5,528,731</u>	<u>-</u>	<u>5,549,593</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>498,850</u>	<u>498,850</u>	<u>(15,044)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>8,955,877</u>	<u>8,940,833</u>	<u>8,940,833</u>	<u>-</u>	<u>8,955,877</u>
FUND BALANCE - END OF YEAR	<u><u>8,955,877</u></u>	<u><u>8,940,833</u></u>	<u><u>9,439,683</u></u>	<u><u>498,850</u></u>	<u><u>8,940,833</u></u>

The accompanying notes are integral part of these financial statements.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
Capital Projects Fund
Building Fund
For the Year Ended June 30, 2021
(With Comparative Actual Amounts for 2020)

	2021			Final Budget Variance Positive (Negative)	2020
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
REVENUES					
Local sources:					
Investment income	-	-	-	-	3,615
Total Revenues	-	-	-	-	3,615
EXPENDITURES					
Capital Projects Fund expenditures	-	-	-	-	-
Total Expenditures	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	3,615
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	-	-	-	-	(664,655)
Total Other Financing Sources (Uses)	-	-	-	-	(664,655)
NET CHANGE IN FUND BALANCE	-	-	-	-	(661,040)
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-	661,040
FUND BALANCE - END OF YEAR	-	-	-	-	-

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
Capital Projects Fund
Capital Reserve Fund
For the Year Ended June 30, 2021
(With Comparative Actual Amounts for 2020)

	2021			Final Budget Variance Positive (Negative)	2020
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
REVENUES					
Local sources:					
State sources	-	16,293	16,293	-	35,923
Total Revenues	-	16,293	16,293	-	35,923
EXPENDITURES					
Buildings and improvements	128,200	128,200	137,957	(9,757)	31,275
Equipment	179,963	179,963	74,936	105,027	3,857
Furniture and fixtures	-	-	-	-	8,173
Technology and equipment	-	21,757	11,761	9,996	70,876
Other	6,000	6,000	15,946	(9,946)	750
Contingency	105,837	100,373	-	100,373	-
Total Expenditures	420,000	436,293	240,600	195,693	114,931
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(420,000)	(420,000)	(224,307)	195,693	(79,008)
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	420,000	420,000	1,500,000	1,080,000	1,389,655
Total Other Financing Sources (Uses)	420,000	420,000	1,500,000	1,080,000	1,389,655
NET CHANGE IN FUND BALANCE	-	-	1,275,693	1,275,693	1,310,647
FUND BALANCE - BEGINNING OF YEAR	2,113,856	3,654,407	3,654,407	-	2,343,760
FUND BALANCE - END OF YEAR	2,113,856	3,654,407	4,930,100	1,275,693	3,654,407

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2021

	<u>Special Revenue Fund</u>			Total Non-Major Governmental Funds
	Food Service Fund	Pupil Activity Fund	Royalty Fund	
ASSETS				
Accounts receivable, net:				
Other	84,022	-	-	84,022
Due from other funds	122,958	185,215	552,307	860,480
Prepaid expenses	750	-	-	750
Inventories	43,249	-	-	43,249
	<u>250,979</u>	<u>185,215</u>	<u>552,307</u>	<u>988,501</u>
LIABILITIES				
Accounts payable and accrued expenses	3,923	5,029	-	8,952
	<u>3,923</u>	<u>5,029</u>	<u>-</u>	<u>8,952</u>
FUND BALANCES				
Non-spendable				
Prepaid expenses	750	-	-	750
Inventories	43,249	-	-	43,249
Committed:				
Food service	203,057	-	-	203,057
Student activities	-	180,186	-	180,186
Capital projects	-	-	552,307	552,307
	<u>247,056</u>	<u>180,186</u>	<u>552,307</u>	<u>979,549</u>
Total Fund Balances	<u>247,056</u>	<u>180,186</u>	<u>552,307</u>	<u>979,549</u>
Total Liabilities and Fund Balances	<u>250,979</u>	<u>185,215</u>	<u>552,307</u>	<u>988,501</u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds			Total Non-Major Governmental Funds
	Food Service Fund	Pupil Activity Fund	Royalty Fund	
REVENUES				
Local sources:				
Student activities	-	168,949	-	168,949
Other revenue	11,805	-	64,026	75,831
Federal sources	619,495	-	-	619,495
State sources	3,828	-	-	3,828
	<u>635,128</u>	<u>168,949</u>	<u>64,026</u>	<u>868,103</u>
EXPENDITURES				
Food service	580,794	-	-	580,794
Capital outlay	-	-	30,264	30,264
Student activities	-	215,413	-	215,413
	<u>580,794</u>	<u>215,413</u>	<u>30,264</u>	<u>826,471</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>54,334</u>	<u>(46,464)</u>	<u>33,762</u>	<u>41,632</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	100,000	-	-	100,000
	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
NET CHANGE IN FUND BALANCES				
	154,334	(46,464)	33,762	141,632
FUND BALANCE - BEGINNING OF YEAR (RESTATED)				
	<u>92,722</u>	<u>226,650</u>	<u>518,545</u>	<u>837,917</u>
FUND BALANCE - END OF YEAR				
	<u><u>247,056</u></u>	<u><u>180,186</u></u>	<u><u>552,307</u></u>	<u><u>979,549</u></u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (GAAP Basis)
Special Revenue Fund
Food Service Fund
For the Year Ended June 30, 2021
(With Comparative Actual Amounts for 2020)

	2021			Final Budget Variance Positive (Negative)	2020
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
REVENUES					
Local sources:					
Food and ala carte sales	54,600	54,600	11,376	(43,224)	56,280
Other	500	500	429	(71)	321
Total Local sources	<u>55,100</u>	<u>55,100</u>	<u>11,805</u>	<u>(43,295)</u>	<u>56,601</u>
Federal sources	398,865	398,865	619,495	220,630	469,058
State sources	3,000	3,000	3,828	828	12,957
Total Revenues	<u>456,965</u>	<u>456,965</u>	<u>635,128</u>	<u>178,163</u>	<u>538,616</u>
EXPENDITURES					
Food service	555,965	555,965	580,794	(24,829)	628,443
Capital outlay	1,000	1,000	-	1,000	-
Total Expenditures	<u>556,965</u>	<u>556,965</u>	<u>580,794</u>	<u>(23,829)</u>	<u>628,443</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(100,000)</u>	<u>(100,000)</u>	<u>54,334</u>	<u>154,334</u>	<u>(89,827)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	100,000	100,000	100,000	-	115,000
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>115,000</u>
NET CHANGE IN FUND BALANCE	-	-	154,334	154,334	25,173
FUND BALANCE - BEGINNING OF YEAR	67,549	92,722	92,722	-	67,549
FUND BALANCE - END OF YEAR	<u>67,549</u>	<u>92,722</u>	<u>247,056</u>	<u>154,334</u>	<u>92,722</u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Fund
Pupil Activity Fund
For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Final Budget Variance Positive (Negative)</u>
REVENUES				
Local sources:				
Student activities	222,251	222,251	168,949	(53,302)
Total Revenues	<u>222,251</u>	<u>222,251</u>	<u>168,949</u>	<u>(53,302)</u>
EXPENDITURES				
Student activities	450,000	450,000	215,413	234,587
Total Expenditures	<u>450,000</u>	<u>450,000</u>	<u>215,413</u>	<u>234,587</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(227,749)</u>	<u>(227,749)</u>	<u>(46,464)</u>	<u>181,285</u>
FUND BALANCE - BEGINNING OF YEAR (RESTATED)	<u>-</u>	<u>-</u>	<u>226,650</u>	<u>226,650</u>
FUND BALANCE - END OF YEAR	<u><u>(227,749)</u></u>	<u><u>(227,749)</u></u>	<u><u>180,186</u></u>	<u><u>407,935</u></u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
Special Revenue Fund
Royalty Fund
For the Year Ended June 30, 2021
(With Comparative Actual Amounts for 2020)

	2021			Final Budget Variance Positive (Negative)	2020
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
REVENUES					
Other sources:					
Royalties	42,000	42,000	64,026	22,026	56,460
Total Other Sources	<u>42,000</u>	<u>42,000</u>	<u>64,026</u>	<u>22,026</u>	<u>56,460</u>
Total Revenues	<u>42,000</u>	<u>42,000</u>	<u>64,026</u>	<u>22,026</u>	<u>56,460</u>
EXPENDITURES					
Direct instruction	-	-	-	-	3,800
General administration	-	-	-	-	188
Support services	508,406	478,406	-	478,406	-
Custodial and maintenance	10,000	10,000	-	10,000	600
Capital outlay	-	30,000	30,264	(264)	50,057
Total Expenditures	<u>518,406</u>	<u>518,406</u>	<u>30,264</u>	<u>488,142</u>	<u>54,645</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(476,406)</u>	<u>(476,406)</u>	<u>33,762</u>	<u>510,168</u>	<u>1,815</u>
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(30,000)	(30,000)	-	30,000	-
Transfer from fund balance	<u>506,406</u>	<u>506,406</u>	<u>-</u>	<u>(506,406)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>476,406</u>	<u>476,406</u>	<u>-</u>	<u>(476,406)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	33,762	33,762	1,815
FUND BALANCE - BEGINNING OF YEAR	<u>516,730</u>	<u>518,545</u>	<u>518,545</u>	<u>-</u>	<u>516,730</u>
FUND BALANCE - END OF YEAR	<u><u>516,730</u></u>	<u><u>518,545</u></u>	<u><u>552,307</u></u>	<u><u>33,762</u></u>	<u><u>518,545</u></u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Schedule of Combined General Fund
Balance Sheet
June 30, 2021

	General Fund	Colorado Preschool Program Fund	Total
ASSETS			
Cash and cash equivalents	110,821	-	110,821
Investments	13,352,478	-	13,352,478
Accounts receivable, net:			
Taxes	59,232	-	59,232
Other governments	92,813	-	92,813
Other	8,493	-	8,493
Due from other funds	-	74,973	74,973
Prepaid expenses	271,525	-	271,525
Total Assets	13,895,362	74,973	13,970,335
LIABILITIES			
Accounts payable and accrued expenses	119,391	1,499	120,890
Accrued salaries	1,121,125	-	1,121,125
Due to other funds	6,754,815	-	6,754,815
Unearned revenues	186,634	-	186,634
Total Liabilities	8,181,965	1,499	8,183,464
DEFERRED INFLOWS OF RESOURCES:			
Unavailable property taxes	21,691	-	21,691
FUND BALANCES			
Non-spendable:			
Prepaid expenses	271,525	-	271,525
Restricted:			
TABOR	501,000	-	501,000
Multi-year obligations	756,580	-	756,580
Colorado Preschool Program Reserve	-	856	856
Unassigned	4,162,601	72,618	4,235,219
Total Fund Balances	5,691,706	73,474	5,765,180
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	13,895,362	74,973	13,970,335

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Schedule of Combined General Fund
Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2021

	General Fund	Colorado Preschool Program Fund	Total
REVENUES			
Local sources:		-	
Property taxes levied for general purposes	3,819,154	-	3,819,154
Specific ownership taxes	655,687	-	655,687
Investment income	24,000	-	24,000
Other	486,888	-	486,888
Total Local sources	<u>4,985,729</u>	<u>-</u>	<u>4,985,729</u>
Federal sources	300,059	-	300,059
Intermediate sources	11,407	-	11,407
State sources:			
Equalization	9,045,447	-	9,045,447
Other	640,183	-	640,183
Total State sources	<u>9,685,630</u>	<u>-</u>	<u>9,685,630</u>
Total Revenues	<u>14,982,825</u>	<u>-</u>	<u>14,982,825</u>
EXPENDITURES			
Direct instruction	6,373,568	313,634	6,687,202
Indirect instruction	507,313	44,326	551,639
General administration	1,710,047	113,729	1,823,776
Support services	968,111	-	968,111
Custodial and maintenance	2,028,100	-	2,028,100
Transportation	343,849	-	343,849
Capital outlay	54,298	42,651	96,949
Total Expenditures	<u>11,985,286</u>	<u>514,340</u>	<u>12,499,626</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,997,539</u>	<u>(514,340)</u>	<u>2,483,199</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>(2,036,194)</u>	<u>436,194</u>	<u>(1,600,000)</u>
Total Other Financing Sources (Uses)	<u>(2,036,194)</u>	<u>436,194</u>	<u>(1,600,000)</u>
NET CHANGE IN FUND BALANCES	961,345	(78,146)	883,199
FUND BALANCES - BEGINNING OF YEAR	<u>4,730,361</u>	<u>151,620</u>	<u>4,881,981</u>
FUND BALANCES - END OF YEAR	<u><u>5,691,706</u></u>	<u><u>73,474</u></u>	<u><u>5,765,180</u></u>

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



Colorado Department of Education
Auditors Integrity Report
 District: 1220 - Garfield 16
 Fiscal Year 2020-21
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

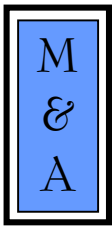
Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	4,730,363	12,946,631	11,985,286	5,691,708
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	151,620	436,194	514,340	73,474
Sub- Total	4,881,983	13,382,825	12,499,626	5,765,182
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	518,545	64,025	30,264	552,307
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	92,722	735,128	580,794	247,056
22 Govt Designated-Purpose Grants Fund	0	2,697,212	2,697,212	0
23 Pupil Activity Special Revenue Fund	226,651	168,949	215,413	180,187
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	8,940,834	6,027,580	5,528,730	9,439,683
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	3,654,406	1,516,293	240,600	4,930,099
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	18,315,141	24,592,011	21,792,639	21,114,513
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

FINAL

Garfield County School District No. 16

Single Audit Reports and Schedules





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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**To the Board of Education
Garfield County School District No. 16
Parachute, Colorado**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Garfield County School District No. 16 (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 13, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion of the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Member: American Institute of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT
To the Board of Education
Garfield County School District No. 16
Parachute, Colorado

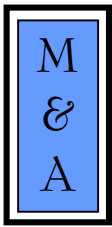
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McMahan and Associates, L.L.C.
McMahan and Associates, L.L.C.
January 13, 2022



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**To the Board of Education
Garfield County School District No. 16
Parachute, Colorado**

Report on Compliance for Each Major Program

We have audited the compliance of the Garfield County School District No. 16 (the "District") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibilities

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibilities

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based in our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Park 200, *Uniform Administrative Requirements, Cost principles, and Audit Requirements of Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance with those requirements.

Member: American Institute of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT
To the Board of Education
Garfield County School District No. 16
Parachute, Colorado

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based in the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
January 13, 2022

Garfield County School District No. 16
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Part I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Noncompliance material to financial statements noted	None noted

Federal Awards:

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	None noted
Major programs:	Federal Assistance Listing:
Coronavirus Relief Fund	21.019
Dollar threshold used to identify Type A from Type B programs	\$750,000
Identified as low-risk auditee	Yes

Part II – Findings Related to Financial Statements

Findings related to financial statements as required by <i>Government Auditing Standards</i>	None noted
Auditor-assigned reference number	Not applicable

Part III – Findings Related to Federal Awards

Internal control findings	None noted
Compliance findings	Yes
Questioned costs	None noted
Auditor-assigned reference number	2021-001

Garfield County School District No. 16, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Reference Number	Findings
2021-001	<p>Finding: Activities Allowed/Allowable Costs</p> <p>Federal Assistance Listing 21.019 Coronavirus Relief Fund Department of Transportation Passed-through Colorado Department of Education</p> <p>Criteria: The Coronavirus Relief Fund is designed to provide ready funding to address unforeseen financial needs and risks created by the COVID-19 public health emergency. Two of the criteria is that payments must be used to cover costs that are necessary expenditures incurred due to the public health emergency with respect to COVID-19 and were incurred during the period that begins on March 1, 2020 and ends on December 31, 2021.</p> <p>Condition: The District submitted reimbursement for certain shared personnel whose costs were not incurred as a result of the public health emergency and one educational subscription that extended beyond the period of December 31, 2021.</p> <p>Questioned Costs: None.</p> <p>Context: In our testing of a sample of 29 transactions coded to the Coronavirus Relief Fund grant codes, we identified 5 transactions for a total of \$73,655 that were determined to be ineligible costs.</p> <p>Effect: Reporting ineligible costs on the quarterly expenditure reports could result in improper use of funds by the District.</p> <p>Cause: Due to continually evolving and unclear guidance during the initial beginning period of the COVID-19 pandemic, it was believed that the costs improperly charged to the grant were eligible.</p> <p>Identification as a repeat finding: Not applicable.</p> <p>Recommendation: We recommend the District continue to seek additional guidance on the grant to ensure compliance requirements are followed.</p> <p>Views of Responsible Officials and Planned Corrective Action: The District agrees with the finding. See separate corrective action plan at page for planned corrective actions.</p>

GARFIELD16

*Brad Ray, Superintendent
Todd Ellis, Asst. Superintendent
Nancy Seams, Director of Business Services
(970) 285-5701 FAX: (970) 285-5711*

CORRECTIVE ACTION PLAN For the Year Ended June 30, 2021

**Reference
Number**

Finding and Corrective Action Plan

Garfield County School District No. 16 respectfully submits the following corrective action plan for the year ended June 30, 2021.

2021-001 Coronavirus Relief Fund – ALN 21.019

Compliance Requirement: Allowable Costs and Costs Principles

Questioned Costs: None

Corrective Action: The District agrees there were ineligible expenditures charged to the Coronavirus Relief Fund. Although appropriate as District expenditures, these expenditures believed to be eligible were originally charged due to both a change in management staff, and continually evolving guidance from the State. The District has already corrected and removed the questioned costs from reporting in order to comply with funding. Moving forward, the District will seek additional guidance to ensure compliance requirements and allowable cost guidelines are followed.

Personnel Responsible for Corrective Action: Nancy Seams, Director of Business Services

Anticipated Completion Date: The final reporting due to the State was revised to properly remove the ineligible expenditures and include other eligible District costs. The report was resubmitted and accepted as approved expenditures by CDE in November 2021.

Garfield County School District No. 16
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

There were no findings for the year ended June 30, 2020.

Garfield County School District No. 16
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

<u>Program Title</u>	<u>Federal Assistance Listing</u>	<u>Grant Project Code</u>	<u>Expenditures</u>
U.S Department of Education:			
Passed through Colorado Department of Education:			
Title I - ESEA	84.010	4010	\$ 186,950
Title II A - Teacher Quality	84.367	4367	49,598
Title III Part A - English Language Acquisition	84.365	4365	17,286
21st Century After School Learning Program	84.287	6287	129,868
COVID-19 - Education Stabilization Fund - 90% to LEAs	84.425D	4425	130,458
COVID-19 - Education Stabilization Fund - 10% discretionary	84.425D	5425	30,081
Subtotal - Education Stabilization Fund			<u>160,539</u>
Total - U.S. Department of Education			<u>544,241</u>
U.S. Department of Treasury:			
Passed through Colorado Department of Education:			
Coronavirus Relief Fund	21.019	4012	877,528
Coronavirus Relief Fund: At-Risk Pupils	21.019	5012	69,298
Coronavirus Relief Fund: Safe Schools Reopening	21.019	6012	3,425
Subtotal - Coronavirus Relief Fund			<u>950,251</u>
Total - U.S. Department of Treasury			<u>950,251</u>
U.S Department of Health and Human Services:			
Passed through Rocky Mountain SER:			
Head Start	93.600	8600	4
Total - U.S. Department of Health and Human Services			<u>4</u>
U.S Department of Agriculture:			
Passed through Colorado Department of Education:			
National School Lunch Program	10.555	4555	62,282 A
Summer Food Service Program for Children	10.559	4559	519,805 A
Passed through Colorado Department of Human Services:			
Food Distribution, Commodities	10.555	4555	37,407 A
Passed through Garfield County Colorado:			
Schools and Roads - Grants to States	10.665	7665	22,327 B
Total - U.S Department of Agriculture			<u>641,821</u>
Total Expenditures			<u>\$ 2,136,317</u>

Additional Information for Clusters:

A Child Nutrition Cluster	\$ 619,494
B Forest Service Schools and Roads Cluster	22,327
C Head Start Cluster	4

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2021

Note 1. Basis of Presentation:

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Garfield School District No. 16 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the general purpose financial statements.

Note 2. Determining the Value of Non-cash Awards Expended:

Food Commodities: Fair market value of commodities at the time recipient receives award or the assessed value provided by the federal agency.

Note 3. Indirect Facilities and Administration Costs

The District has elected to use the 10% de minimis cost rate allowed in Title 2 U.S. Code of Federal Regulations (CFR) Part 200.414, Indirect (F&A) costs.

Note 4. Sub recipients:

The District had no sub-recipients as of June 30, 2021