

Lake County School District

Financial Report

June 30, 2021



**Lake County School District
Financial Report
June 30, 2021**

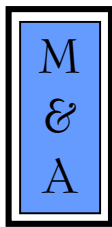
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INDEPENDENT AUDITOR'S REPORT

**To the Board of Education
Lake County School District
Leadville, 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 Lake County School District (the "District"), as of and for the year ended June 30, 2021, and where applicable, cash flows for the year then ended, 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. 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.

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INDEPENDENT AUDITOR'S OPINION
To the Board of Education
Lake County School District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lake County School District, as of June 30, 2021, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The District adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. As a result of the implementation, the County reported a restatement of beginning fund balance in the Pupil Activity Fund for the change in accounting policies, as detailed in note V.F. 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, Schedule of District Pension Contributions, Schedule of District's Proportionate Share of the Other Post-Employment Benefits Liabilities, Schedule of District's Other Post-Employment Benefit 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.

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 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.

INDEPENDENT AUDITOR'S OPINION
To the Board of Education
Lake County School District

Other Matters (continued)

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 a 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* ("Uniform Guidance") 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 December 13, 2021 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.
December 13, 2021

Lake County School District

Management's Discussion and Analysis



**Lake County School District
Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2021**

As management of Lake County School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. We encourage readers to review the information presented here in conjunction with the basic financial statements, budgetary comparison schedules and additional supplementary information to broaden the understanding of the District's financial performance.

Financial Highlights

- ❖ The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$21,556,725. Of this amount, \$7,329,106 is restricted in its use to meet the District's ongoing obligations to students and creditors.
- ❖ The District's total net position increased by \$19,403,424 mainly as a result of BEST grant revenue.
- ❖ As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$10,723,632, a decrease of \$8,186,679 in comparison with the prior year.
- ❖ At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,394,463. It is available for spending at the District's discretion. The District uses this balance to pay for operating expenditures in case related revenues are not readily available.
- ❖ The District's general obligation debt decreased to a balance of \$20,971,178. As of June 30, 2021, the district has two outstanding general obligation bonds from 2012 and 2019.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprised of three components: 1) district-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

District-wide Financial Statements: The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, using accounting methods similar to those used by a private-sector business.

The Statement of Net position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to 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 district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities).

- **Governmental activities:** Most of the District's basic services are included here, such as instructional services, support services, food service, and student activities. Such services include activities relating to building maintenance, technology and administration.

The district-wide financial statement includes only the Lake County School District and no other entities. The district-wide financial statements can be found on pages C1-C2 of this report.

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

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

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Lake County School District maintains ten individual governmental funds. Information is presented in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The five major funds, general fund, grant fund, bond redemption fund, building fund and capital reserve fund are presented separately and the food service fund, center fund, pupil activity fund and head start fund are presented as one total.

The District adopts an annual appropriated budget for all of its funds. Budgetary comparison statements have been provided to demonstrate compliance with state budget statutes.

The basic governmental fund financial statements can be found on pages C3-C6.

Proprietary Funds: The District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses an internal service fund to account for its employee health and dental benefits. Because this service predominately benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary Funds provide the same type of information as the district-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages C7-C9 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found in Section D of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. Immediately following the notes are the statements reporting the District's annual appropriated budgets. These budget reports can be found on pages E1-F11.

District-wide Financial Analysis:**Lake County School District - Summary of Net Position:**

	Governmental Activities	
	FY 2021	FY 2020
Assets:		
Current and other assets	\$ 20,227,044	\$ 42,477,957
Capital assets	56,729,307	34,851,593
Total Assets	<u>\$ 76,956,351</u>	<u>\$ 77,329,550</u>
Deferred Outflows	<u>\$ 8,057,509</u>	<u>\$ 2,417,946</u>
Liabilities:		
Other liabilities	\$ 10,249,117	\$ 23,126,641
Long-term liabilities	43,318,196	41,807,488
Total Liabilities	<u>\$ 53,567,313</u>	<u>\$ 64,934,129</u>
Deferred Inflows	<u>\$ 9,889,822</u>	<u>\$ 12,665,494</u>
Net Position		
Net investment		
in capital assets	35,758,129	25,710,479
Restricted	7,329,106	15,933,444
Unrestricted	(21,530,510)	(39,496,050)
Total Net Position	<u>\$ 21,556,725</u>	<u>\$ 2,147,873</u>

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 \$21,556,725.

Of the District's total net position, \$35,758,129 is invested in capital assets (e.g. land, buildings and equipment). The district uses these capital assets to provide services to its students and the community; consequently, these assets are not available for further spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from property taxes, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position represents resources that are subject to external restriction on how they may be used. At June 30, 2021, net position totaling \$7,329,106 was restricted. The District's June 30, 2021 unrestricted net position \$(21,530,510) is a result of reporting the net pension and OPEB obligation of \$23,316,142. This net liability is the District's proportionate share of the School Division Trust Fund pension and other post-employment benefits liability, administered by the Public Employees' Retirement Association of Colorado. This was determined by an actual valuation as of December 31, 2020.

Lake County School District - Statement of Activities:

	Governmental Activities	
	FY 2021	FY 2020
Revenues:		
<i>Program revenues</i>		
Charges for services	\$ 2,340,268	\$ 556,113
Operating grants and contributions	5,312,136	5,136,278
Capital grants and contributions	13,705,809	1,724,154
<i>General revenues</i>		
Property taxes	7,721,844	8,987,015
Specific ownership taxes	572,420	-
State revenue	4,837,297	3,304,041
Grants and contributions	130,012	-
Investment earnings	5,032	64,926
Other	-	791
Total revenues	<u>34,624,818</u>	<u>19,773,318</u>
Expenditures:		
Direct instruction	5,940,557	5,379,562
Indirect instruction	2,279,973	1,147,349
Transportation	354,882	-
Custodial maintenance	1,090,536	-
Support services	2,740,478	5,718,357
General administration	630,515	-
Community service	526,911	455,765
Food service	927,072	684,623
Student activities	66,368	-
Interest	664,102	455,211
Total expenses	<u>15,221,394</u>	<u>13,840,867</u>
Change in net position	19,403,424	5,932,451
Net position- July 1 (restated)	<u>2,153,301</u>	<u>(3,784,578)</u>
Net position - June 30	<u>\$ 21,556,725</u>	<u>\$ 2,147,873</u>

As outlined in Note V.F and Note V.G to the financial statements, the District restated the prior year ending net position.

In Fiscal Year 2020, the District was awarded a Building Excellent Schools Today (BEST) grant from the State of Colorado in the amount of \$20,805,668 to construct an elementary school building. The District's total net position increased by \$19,403,424 mainly as a result of recognizing this revenue.

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, unreserved fund balances may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

- ❖ As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$10,723,632 a decrease of \$8,186,679 from the prior year ending fund balances. The decrease is primarily the result of spending BEST grant for constructing elementary school building. A total of \$7,329,106 is restricted for various purpose as discussed above, \$473,785 is committed for capital projects over the next year. A total of \$2,394,463 is available for spending at the District's discretion. The general fund accounts for \$3,423,523 of the total fund balance.

Budget Variances in the General Fund: 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.

One of the most important variances to discuss is budgeted vs. actual revenues and expenditures in the General Fund. Actual revenues were favorable to the final budget by \$651,391. This is mainly due to higher than anticipated Specific Ownership taxes and State Equalization revenue. Actual expenditures, excluding contingency, were \$581,922 less than budgeted and other financing sources were \$333,580 less than budgeted. The final budget adopted in February 2021, had not planned to change the balance in reserves, however, due to increased revenue and savings in expenditures, the actual result was an increase in the ending fund balance of the general fund of \$398,487.

Capital Assets: The District's capital assets, net of accumulated depreciation, totaled \$56,729,307 as of June 30, 2021. The District capitalizes assets, including land, buildings and improvements, equipment, and construction in progress, with an original cost greater than \$5,000 and useful life of more than two years. The District is nearing completion of the additions to the elementary school building that were funded by BEST grant, as discussed above and 2019 Bond proceeds.

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 on page D15 of this report.

Long-Term Debt: As of the end of the current fiscal year, the District's long-term liabilities totaled \$44,436,426, representing a net increase of \$2,628,938. This increase in long-term debt is primarily due to an increase in the District's net pension liability for PERA which is partially offset by the \$1,044,310 repayment of the General Obligation Bonds.

Additional information, as well as a detailed classification of the District's total long-term liabilities, can be found in the Notes to the Financial Statements on pages D17 of this report.

Economic Factors

The Public School Finance Act of 1994 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 account cost of living, number of students, district size, personnel vs. non-personnel costs, number of at-risk students, amongst other factors. The purpose of this act was to establish a financial base of support for public education, to move towards a uniform mill levy tax state-wide 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

School District Finance Act is also significantly affected by Amendment 23, which was approved by the voters in November 2000. This state constitutional amendment requires that statewide base per pupil funding and state categorical program funding increase by inflation plus one percent for ten years beginning with the fiscal year ended June 30, 2002. After that ten-year window has expired, the state must increase funding at the rate of inflation. This funding calculation attempts to align Colorado districts to inflation-adjusted funding levels of 1988.

The formula will also increase the District's reliance upon the state and decrease the District's reliance upon local funding over time. However, due to the decline in the national and state economy, the State of Colorado has not fully funded Amendment 23 levels for the 2020-21 school year, and has not since the 2009-2010 school year.

Next Year's Budget and Rates: The District's General Fund balance at the end of fiscal year 2021 totaled \$3,423,523. The fiscal year 2022 budget anticipates to spend this balance down to \$2,094,076. The budget is fiscally balanced.

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 provided in this report or requests for additional financial information should be addressed to the Lake County School District, Chief Financial Officer, 328 West 5th Street, Leadville, Colorado 80461.

Lake County School District

District-Wide Financial Statements



Lake County School District
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets:	
Current Assets:	
Cash and investments	18,922,901
Accounts receivable	144,887
Taxes receivable	565,401
Due from other governments	587,412
Inventory	6,443
Total Current Assets	<u>20,227,044</u>
Capital Assets:	
Land	431,995
Construction in progress	25,173,444
Buildings	46,067,201
Equipment and vehicles	2,586,381
Less accumulated depreciation	<u>(17,529,714)</u>
Total Capital Assets	<u>56,729,307</u>
Total Assets	<u>76,956,351</u>
Deferred Outflows of Resources:	
Related to pension expenses	7,977,769
Related to other post-employment benefits expenses	79,740
Total Deferred Outflows of Resources	<u>8,057,509</u>
Liabilities:	
Current Liabilities:	
Accounts, retainage, arbitrage and deposits payable	1,923,698
Accrued compensation	1,191,746
Accrued interest	50,602
Unearned revenue	5,964,841
Bonded debt payable - due within one year	1,070,868
Bus lease payable - due within one year	19,695
Compensated absences and early retirement - due within one year	27,667
Total Current Liabilities	<u>10,249,117</u>
Noncurrent Liabilities:	
Bonded debt payable - due in more than one year	19,900,310
Bus lease payable - due in more than one year	41,167
Compensated absences and early retirement - due in more than one year	60,577
Net pension and OPEB liability:	
Due in more than one year - pension	22,498,456
Due in more than one year - OPEB	817,686
Total Noncurrent Liabilities	<u>43,318,196</u>
Total Liabilities	<u>53,567,313</u>
Deferred Inflows of Resources:	
Related to pension expenses	9,604,994
Related to other post-employment benefits expenses	284,828
Total Deferred Inflows of Resources	<u>9,889,822</u>
Net Position:	
Net investment in capital assets	35,758,129
Restricted for:	
TABOR	800,000
Capital Projects	3,817,157
Debt service	2,482,889
Insurance reserve	225,000
Other purposes	4,060
Unrestricted	<u>(21,530,510)</u>
Total Net Position	<u>21,556,725</u>

The accompanying notes are an integral part of this statement.

**Lake County School District
Statement of Activities
For the Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Direct instruction	\$ 5,940,557	\$ 135,800	\$ 1,954,975	\$ 13,705,809	\$ 9,856,027
Indirect instruction	2,279,973	-	994,031	-	(1,285,942)
Transportation	354,882	-	-	-	(354,882)
Custodial and maintenance	1,090,536	-	-	-	(1,090,536)
Support services	2,740,478	2,100,785	-	-	(639,693)
General administration	630,515	-	-	-	(630,515)
Community service	526,911	40,029	1,049,494	-	562,612
Food service	927,072	(16,635)	1,313,636	-	369,929
Student activities	66,368	80,289	-	-	13,921
Interest	664,102	-	-	-	(664,102)
Total governmental activities	<u>15,221,394</u>	<u>2,340,268</u>	<u>5,312,136</u>	<u>13,705,809</u>	<u>6,136,819</u>
General revenues:					
Property taxes levied for general purposes					5,819,189
Property taxes levied for debt service					1,902,655
Specific ownership taxes					572,420
State revenue					4,837,297
Grants and contributions not restricted to specific programs					130,012
Interest and investment earnings					5,032
Total general revenues					<u>13,266,605</u>
Change in net position					19,403,424
Net position - beginning (restated)					<u>2,153,301</u>
Net position - ending					<u>\$ 21,556,725</u>

The accompanying notes are an integral part of this statement.

Lake County School District

Fund Financial Statements



**Lake County School District
Balance Sheet
Governmental Funds
June 30, 2021**

	General Fund	Grant Fund	Bond Redemption Fund	Building Fund	Capital Reserve Fund	Non-major Governmental Funds	Total Governmental Funds
Assets:							
Cash and investment	\$ 6,024,916	\$ 160,811	\$ 2,430,831	\$ 11,148,611	\$ (1,167,490)	\$ 317,685	\$ 18,915,364
Taxes receivable	460,070	-	105,331	-	-	-	565,401
Due from other governments	134,538	160,910	-	-	15,188	276,776	587,412
Due from other funds	-	315,551	-	-	1,628,771	118,230	2,062,552
Inventories and prepaid expenses	-	-	-	-	-	6,443	6,443
Total Assets	6,619,524	637,272	2,536,162	11,148,611	476,469	719,134	22,137,172
Liabilities:							
Accounts and deposits payable	72,220	17,443	-	1,605,726	376	31,057	1,726,822
Accrued compensation	929,930	177,951	-	-	-	83,864	1,191,745
Due to other funds	1,997,424	233,722	-	-	-	77,935	2,309,081
Unearned revenue:							
Other	28,649	208,156	-	5,725,728	2,308	-	5,964,841
Total Liabilities	3,028,223	637,272	-	7,331,454	2,684	192,856	11,192,489
Deferred Inflows of Resources:							
Unavailable property taxes	167,778	-	53,273	-	-	-	221,051
	4,060						
Fund Balances:							
Non-spendable	-	-	-	-	-	6,443	6,443
Spendable:							
Restricted	1,029,060	-	2,482,889	3,817,157	-	-	7,329,106
Committed	-	-	-	-	473,785	-	473,785
Assigned	-	-	-	-	-	519,835	519,835
Unassigned	2,394,463	-	-	-	-	-	2,394,463
Total Fund Balances	3,423,523	-	2,482,889	3,817,157	473,785	526,278	10,723,632
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 6,619,524	\$ 637,272	\$ 2,536,162	\$ 11,148,611	\$ 476,469	\$ 719,134	\$ 22,137,172

The accompanying notes are an integral part of this statement.

Lake County School District
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position
June 30, 2021

Governmental Funds Total Fund Balance	\$ 10,723,632
Capital assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds.	74,259,021
Accumulated depreciation is not recognized in the governmental funds because capital assets are expensed at the time of acquisition.	(17,529,714)
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows.	221,051
An internal service fund is used by the District's management to charge the cost of employee health and dental benefits to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.	202,076
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of bonded debt payable.	(21,032,040)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds. Interest is recorded as an expenditure in the funds when it is due, while interest is recorded when incurred in the Statement of Activities. This is interest payable for the year.	(50,602)
Long-term liabilities, including early retirement, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of early retirement not currently payable.	(88,244)
Long-term liabilities, including net pension and OPEB obligations, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of the District's net pension and OPEB liability, adjusted for changes in pension and OPEB related actuarial assumptions, proportion of collective pension and OPEB amounts, differences between actual and expected experience and investments earnings, and differences between actual and annualized contributions to the pension and OPEB plan, that are amortized over the average remaining service life of all active and inactive plan participants.	(25,148,455)
Governmental Activities Net Position	\$ 21,556,725

The accompanying notes are an integral part of this statement.

Lake County School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Grant Fund	Bond Redemption Fund	Building Fund	Capital Reserve Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues:							
Taxes:							
General property taxes	\$ 6,012,744	\$ -	\$ 1,902,655	\$ -	\$ -	\$ -	\$ 7,915,399
Specific ownership taxes	572,420	-	-	-	-	-	572,420
Intergovernmental revenues:							
Federal sources	343,615	1,854,873	-	-	-	2,204,116	4,402,604
State sources	3,975,850	804,413	-	13,705,809	178,394	4,066	18,668,532
Charges for services	-	-	-	-	-	258,630	258,630
Investment income	5,032	-	-	-	-	-	5,032
Other revenue	330,881	434,077	3,563	-	130,012	-	898,533
Total Revenues	11,240,542	3,093,363	1,906,218	13,705,809	308,406	2,466,812	32,721,150
Expenditures:							
Direct instruction	6,404,524	826,820	-	-	-	4,197	7,235,541
Indirect instruction	847,490	1,954,097	-	-	-	-	2,801,587
Transportation	408,441	-	-	-	-	24,596	433,037
Custodial and maintenance	1,379,523	54,317	-	-	-	16,086	1,449,926
Support services	596,099	2,366	-	-	-	-	598,465
General administration	992,887	-	-	-	-	-	992,887
Community service	-	-	-	-	-	832,708	832,708
Student activities	-	-	-	-	-	66,368	66,368
Food service operations	-	-	-	-	-	1,141,084	1,141,084
Debt Service							
Principal	-	-	1,044,310	-	19,126	-	1,063,436
Interest	-	-	638,733	-	2,381	-	641,114
Capital outlay	-	304,420	-	22,843,014	262,029	242,213	23,651,676
Total Expenditures	10,628,964	3,142,020	1,683,043	22,843,014	283,536	2,327,252	40,907,829
Excess (Deficiency) or Revenues Over Expenditures	611,578	(48,657)	223,175	(9,137,205)	24,870	139,560	(8,186,679)
Other Financing Sources (Uses):							
Transfers in	-	48,657	-	-	129,700	34,734	213,091
Transfers (out)	(213,091)	-	-	-	-	-	(213,091)
Total Other Financing Sources (Uses)	(213,091)	48,657	-	-	129,700	34,734	-
Net Change in Fund Balance	398,487	-	223,175	(9,137,205)	154,570	174,294	(8,186,679)
Fund Balance - Beginning of the Year (restated)	3,025,036	-	2,259,714	12,954,362	319,215	351,984	18,910,311
Fund Balance - End of the Year	\$ 3,423,523	\$ -	\$ 2,482,889	\$ 3,817,157	\$ 473,785	\$ 526,278	\$ 10,723,632

The accompanying notes are an integral part of this statement.

Lake County School District
Reconciliation of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

Governmental Funds Changes in Fund Balances	\$ (8,186,679)
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Changes:

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 outlay reported as an expenditure in the governmental funds functions.	23,325,448
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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 for the year.	(1,167,625)
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Unavailable property tax revenue does not provide a current financial resource and is a deferred inflow on the governmental fund financial statements; not recognized on the government-wide financial statements. This is the unavailable property tax revenue not on the Statement of Activities	(193,555)
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An internal service fund is used by the District's management to charge the costs of employee health and dental benefits to the individual funds. The assets and liabilities of the internal service fund are included within governmental activities on the Statement of Net Position.	(131,531)
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Retirement of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of principal repayments.	1,063,436
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Interest on long-term debt in the Statement of Activities differed from the amount reported in the governmental funds. Interest is recorded as an expenditure in the funds when it is due, while interest is recorded when incurred in the Statement of Activities. This is the change in accrued interest payable during the year.	(28,932)
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Changes in the District's net pension and OPEB obligation 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 District's net pension and OPEB obligation during the year, including differences between employer contributions to the pension and OPEB plan and amortization of pension and OPEB-related deferrals.	4,722,862
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Governmental Activities Change in Net Position	\$ 19,403,424
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Lake County School District
Statement of Net Position
Proprietary Funds
June 30, 2021

	Governmental Activities - Internal Service Fund
Assets:	
Current assets:	
Cash and cash equivalents	\$ 7,538
Accounts receivable	144,887
Due from other funds	246,529
Total current assets	398,954
 Total Assets	 398,954
 Liabilities:	
Accounts and deposits payable	196,879
 Total Liabilities	 196,879
 Net Position:	
Unrestricted	202,076
 Total Net Position	 \$ 202,076

The accompanying notes are an integral part of this statement.

Lake County School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2021

	Governmental Activities - Internal Service Fund
Operating Revenues:	
Insurance premiums	\$ 1,711,128
Stop loss reimbursements	389,658
Total Operating Revenues	<u>2,100,786</u>
Operating Expenses:	
Purchased services	<u>2,232,317</u>
Total Operating Expenses	<u>2,232,317</u>
Change in Net Position	(131,531)
Net Position - Beginning of the Year	<u>333,607</u>
Net Position - End of the Year	<u><u>\$ 202,076</u></u>

The accompanying notes are an integral part of this statement.

Lake County School District
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2021

	Governmental Activities - Internal Service Fund
Cash Flows From Operating Activities:	
Cash received from customers and employees	\$ 1,985,861
Cash paid for goods and services	(1,972,941)
Net Cash Provided (Used) by Operating Activities	<u>12,920</u>
Net Increase (Decrease) in Cash and Cash Equivalents	12,920
Cash and Cash Equivalents - Beginning of the Year	<u>(5,382)</u>
Cash and Cash Equivalents - End of the Year	<u><u>\$ 7,538</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (131,531)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) decrease in receivables	(114,925)
Increase (decrease) in accounts payable	259,376
Total Adjustments	<u>144,451</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 12,920</u></u>

The accompanying notes are an integral part of this statement.

Lake County School District

Notes to the Financial Statements



Lake County School District
Notes to the Financial Statements
June 30, 2021

I. Summary of Significant Accounting Policies

Lake County School District (the "District") was formed to provide educational services to the students in Lake County, Colorado. It operates under a locally elected Board of Education with five members. The District's mission statement is "*Lake County School District challenges students to reach their fullest potential through personal, engaged and rigorous learning in the classroom and beyond.*" The District operates the following schools:

Elementary School	Middle School	High Schools
Lake County Elementary	Lake County Intermediate	Lake County High School Cloud City High School

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 (Statement and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The District was formed under the laws of the State of Colorado and operates under an elected Board of Education. As required by GAAP, the financial statements of the reporting entity include those of the District. No additional separate governmental units, agencies or nonprofit organizations are included in the financial statements of the District. The District is considered financially accountable for legally separate organizations if it is able to appoint a 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.

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

B. District-wide and Fund Financial Statements

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

Lake County School District
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—net investment in capital assets; restricted net position and unrestricted net position.

The District-wide Statement of Activities reports both the gross and net cost of the District's functions. The functions are also supported by general government revenues (property taxes, intergovernmental revenue, 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 revenue (property taxes, interest income, etc.).

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, including fiduciary funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. Resources restricted within this fund relate to TABOR reserve requirements (see Note 3.C).

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. One or more specific restricted or committed revenue should be the foundation for the fund. The District reports the following special major revenue funds:

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.

Lake County School District
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)

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. The District reports the following capital projects funds:

The *Debt Service Fund* accounts for and reports financial resources that are restricted to expenditure for principal and interest that have been legally mandated, as well as the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

The *Building Fund* accounts for all resources available from bond proceeds for acquiring capital sites, buildings, and equipment.

Additionally, the District reports the following fund types:

The *Health Insurance Internal Service Fund* accounts for the employee health and dental benefits provided to other departments or funds of the District on a cost reimbursement basis.

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 activities in the government-wide financial statements and the proprietary and fiduciary 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.

Lake County School District
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)**

2. Current Financial Focus and Modified Accrual Basis

The District 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.

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. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

D. Financial Statement Accounts

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The pooled cash concept is used whereby cash balances of each of the District's funds are pooled and invested in certain investments.

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

2. Investments

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 is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District records nonparticipating interest-earning investment contracts at cost. All other securities are recorded at fair value. It is the intention of the investment pool to maximize interest income, and securities are selected according to their risk, marketability, and diversification. Income earned or losses arising from investment of pooled cash balances are recorded in the General Fund.

3. Receivables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balance outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property taxes are levied on or before December 15 of each year and attach as an enforceable lien on the property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. Property taxes levied in 2020 but not yet collected in 2021 are identified as property taxes receivable and deferred revenues at June 30, 2021, and are presented net of an allowance for uncollectible taxes. Grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

4. Inventories 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.

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Capital Assets

Capital assets, which include land, buildings, infrastructure, vehicles and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or an estimated historical cost if no historical records 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 assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed asset, as applicable.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The District does not capitalize interest on the construction of capital assets.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50 years
Vehicles	8 years
Equipment	5 to 15 years
Buses	15 years

6. Compensated Absences

The District employees are entitled to certain compensated absences based upon their length of employment. Except for vacation time, compensated absences do not vest or accumulate and are not recorded as expenditures when they are paid. Compensated absences are not reflected in the General Fund as the current amount due is determined to be insignificant. For those employees contracted to work a set number of days during a year, no vacation accrual accumulates.

Early Retirement – The District has periodically paid early retirement benefits to employees. The amount of this benefit varies depending on length of service and is paid over sixty equal monthly installments, without interest, commencing in September following the date of retirement. A long-term liability is reported in the government-wide financial statements for the benefits approved by the Board of Education and earned and accepted by the employees.

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

7. Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statements of net position. The District records long-term debt of governmental funds at the face value. The District's general obligation bonds are serviced from property taxes and other revenues of the *Bond Redemption Fund*. The long-term accumulated unpaid vacation and accrued sick leave are serviced from property taxes and other revenues by the respective fund types from future appropriations.

8. Pensions

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

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. Most of these changes were in effect as of June 30, 2021.

9. Defined Benefit Other Post Employment Benefit ("OPEB") Plan

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

10. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow if resources (expense/expenditures) until then. The District has two items that qualify for reporting under this category on the Statement of Net Position.

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

10. Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Collective deferred outflows related to the District's net pension and other post-employment benefit obligations ("OPEB"). Pension and OPEB contributions made after the measurement date, and the net difference between projected and actual earnings will be recognized as a reduction of the net pension or OPEB liability in future periods. See Notes IV.G and IV.H.

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. Collective deferred inflows related to the District's net pension and OPEB obligations are reported on the Statement of Net Position and are amortized over the average remaining service life of all active and inactive plan members. See Notes IV.G and IV.H.

11. Fund Equity

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. For further details of the various fund balance classifications, refer to Note IV.F.

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. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". 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".

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

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.

II. Reconciliation of District-wide and Fund Financial Statements

The governmental fund Balance Sheet includes reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the District-wide Statement of Net Position. Additionally, the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes reconciliation between *net change in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the District-wide Statement of Activities.

III. 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 is holding funds in Wells Fargo bank in order to meet this requirements.

B. Budgets and Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end.

The District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. On or about December 1, the Superintendent submits to the Board of Education a five-year financial projection. This is the basis for budgeting guidelines established by the Board of Education.
- b. By May 31st, the Superintendent submits to the Board a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and means of financing them.

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. Budgets and Budgetary Information (continued)

- c. Public hearings are conducted at a regular Board of Education meeting to obtain taxpayer comment.
- d. Prior to June 30, the budget is legally adopted by the Board of Education.
- e. Formal budgetary integration is employed as a management control device during the year for all funds.
- f. The District issues a separate budget document after the budget is approved by the Board of Education.

Colorado Budget Law requires that 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. Where applicable, the Board of Education includes available fund balance in the amount appropriated in the annual Appropriations Resolution.

Authorization to transfer budgeted amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent of Schools and may be delegated to an appropriate level of management. Revisions and/or supplemental appropriations that alter the total expenditures of any fund must be approved by the Board of Education.

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year except they exclude appropriated available fund balance. Individual amendments were not material in relation to the original appropriations.

For the year ended June 30, 2021, expenditures exceeded appropriations in the Health Insurance fund by \$360,560. This may be a violation of Colorado budget law.

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Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

C. TABOR Amendment – Revenue and Spending Limitation 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 which 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.

Except for refinancing bonded 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% of adjusted revenue. The District has reserved a portion of its June 30, 2021 year-end fund balance in the General Fund for emergencies as required under Tabor in the amount of \$800,000, which is approximately 3% of the fiscal year spending at June 30, 2021.

The initial base for local government's spending and revenue limits is June 30, 1993 fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

In 1996, the District's electorate approved following ballot question:

Without increasing any tax rate or imposing any new tax shall Lake County School District R-1 be authorized to collect, keep and expend all grants from state and local governments or private sources received in the year 1996 to and including 2001 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?

In 2003, the District's electorate approved following ballot question:

Shall Lake County School District R-1 be authorized to collect, keep and spend all revenues from all sources as a voter approved revenue change under article X, section 20 of the Colorado Constitution?

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

C. Mill Levy Override

In 1993, the District's electorate approved following ballot question:

Shall the Board of Education of Lake County School District R-1 be granted authority to levy a tax for the General Fund of the District in budget year 1993-94 and for each budget year thereafter, in excess of the District's equalization program fund as established by law for the purpose of providing additional property tax revenues for education purposes in an amount not to exceed \$432,783? If the additional levy is approved, the estimated total mill levy for the General Fund of the school district for calendar year 1994 will be in an amount not to exceed 54.14 mills. If the additional levy is not approved, the estimated total mill levy for the General Fund of the school district for the calendar year 1994 will be 44.774 mills.

In 2013, the District's electorate approved following ballot question:

Shall Lake County School District R-1 be authorized to continue to impose and collect its existing mill levy override authorization of \$235,000 annually, which authorization was approved by the voters on November 4, 2003, after its current expiration of December 31, 2013 and shall the revenue produced by such mill levy override be used for educational and General Fund purposes of the District?

IV. 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. Deposit balances over \$250,000 are collateralized as required by PDPA.

The District's investment policy permits investments in the following type of obligations:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Local Government Investment Pools
- Money Market Mutual Funds
- Securities specifically approved by the District

Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

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	\$ 2,967,623

The deposits and investments held by the District at June 30, 2021 are as follows:

	Rating	Carrying Amounts	Maturities	
			Less than One Year	Less than Five Years
<i>Deposits:</i>				
Checking accounts	Not rated	\$ 4,582,229	4,582,229	-
<i>Investments:</i>				
Government Investment Pools	AAAm	2,967,623	2,967,623	-
Cash with Fiscal Agent	Not rated	11,373,049	11,373,049	-
Total		<u>\$ 18,922,901</u>	<u>18,922,901</u>	<u>-</u>

The Investment Pool represents an investment in Colotrust and C-Safe, which are 2a7-like pools. 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. As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

Credit Risk. State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Credit quality distribution for investments, with credit exposure as a percentage of total investments are as follows at year end:

<u>Investment Type</u>	<u>Rating</u>	<u>Percentage</u>
Government Investment Pools	AAAm	100%

Concentration of Credit Risk. State statutes do not limit the amount the district may invest in any single issuer, except for corporate securities.

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

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

B. Receivables

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

	General Fund	Grant Fund	Bond Redemption Fund	Other Funds	Total
Receivables:					
Accounts	\$ -	\$ -	\$ -	\$ 144,887	\$ 144,887
Taxes	460,070	-	105,331	-	565,401
Intergovernmental	134,538	160,910	-	291,964	587,412
Gross receivables	<u>594,608</u>	<u>160,910</u>	<u>105,331</u>	<u>436,851</u>	<u>1,297,700</u>
Less: allowance for uncollectible	-	-	-	-	-
Net receivables	<u>\$ 594,608</u>	<u>\$ 160,910</u>	<u>\$ 105,331</u>	<u>\$ 436,851</u>	<u>\$ 1,297,700</u>

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Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

Capital asset activity for the year ending June 30, 2021 is as follows:

	<u>Beginning Balance (restated)</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 2,330,439	\$ 22,843,005	\$ -	\$ 25,173,444
Land	431,995	-	-	431,995
Total capital assets not depreciated	<u>2,762,434</u>	<u>22,843,005</u>	<u>-</u>	<u>25,605,439</u>
Capital assets being depreciated:				
Building	46,043,894	23,307	-	46,067,201
Vehicles	1,993,968	255,021	(167,432)	2,081,557
Equipment	340,930	163,894	-	504,824
Total capital assets being depreciated	<u>48,378,792</u>	<u>442,222</u>	<u>(167,432)</u>	<u>48,653,582</u>
Less accumulated depreciation for:				
Building	(14,649,409)	(1,044,940)	-	(15,694,349)
Vehicles	(1,582,010)	(100,805)	167,432	(1,515,383)
Equipment	(298,102)	(21,880)	-	(319,982)
Total accumulated depreciation	<u>(16,529,521)</u>	<u>(1,167,625)</u>	<u>167,432</u>	<u>(17,529,714)</u>
Total capital assets, net	<u>\$ 34,611,705</u>	<u>\$ 22,117,602</u>	<u>\$ -</u>	<u>\$ 56,729,307</u>

Depreciation expense was charged to the following programs for the year ended June 30, 2021:

Governmental activities:	<u>Depreciation</u>
Direct instruction	\$ 1,026,330
Indirect instruction	4,346
Transportation	82,106
Custodial and maintenance	20,385
Support services	24,765
General administration	4,405
Food service	5,288
Total Governmental activities	<u>\$ 1,167,625</u>

D. Transfers

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

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Transfers (continued)

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

The following interfund transfers occurred during the year ended June 30, 2021:

	Transfers In (Out)
General fund	\$ (213,091)
The Center fund	34,734
Capital reserve fund	129,700
Grant fund	48,657
Total	<u>\$ -</u>

E. Long-Term Debt – Governmental Activities

The District has the following long-term debt outstanding for governmental activities:

1. 2012 General Obligation Bonds

The District issued \$11,396,379 of General Obligation Bonds (the “Series 2012 Bonds”) dated December 6, 2012. Proceeds from the 2012 Bonds were used to finance improvements to District facilities.

The interest rates on the Series 2012 Bonds is 3.005898% and is payable semi-annually on June 1 and December 1, 2013, through 2032. The Series 2012 Bonds is subject to redemption prior to maturity at the option of the District, in whole but not in part, on December 1, 2022, and on any date thereafter, at a redemption price equal to the principal amount thereof and a redemption premium of 3% of the principal amount so redeemed, plus accrued interest to the redemption date.

2. 2019 General Obligation Bonds

In 2019 the District received approval from the electorate to issue debt totaling \$13,870,450, which combined with a BEST grant, is being used to construct Lake County Elementary School. The District issued \$13,870,446 of General Obligation Bonds (the “2019 Bonds”) dated December 5, 2019. The Ballot question also allows the District to levy Ad Valorem Property taxes in an amount not to exceed \$1,115,000 annually. As allowed by the ballot question, the District is reserving taxes received in excess of the principal and interest payment on the 2019 bonds to apply towards future debt payments.

The interest rates on the Series 2019 Bonds is 2.952% and is payable semi-annually on June 1 and December 1, 2020 through 2039. The Series 2019 Bonds is subject to redemption prior to maturity at the option of the District, in whole but not in part, on December 1, 2029 and on any date thereafter, at a redemption price equal to the principal amount thereof and a redemption premium of 3% of the principal amount so redeemed, plus accrued interest to the redemption date.

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

3. Capital Lease

The District entered into a lease for a bus on August 29, 2019. The payments are due on an annual basis beginning on June 26, 2020 with a final payment due on June 26, 2024. The interest rate on the lease is 2.98%. The lease is dependent on re-appropriation on an annual basis and does not represent an ongoing obligation for the District in compliance with TABOR. The total amount financed for the purchase is \$98,902.

4. Schedule of Future Payment

Annual debt service requirement to maturity for general obligation bonds is as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 1,090,563	\$ 609,039	\$ 1,699,602
2023	1,123,022	576,076	1,699,098
2024	1,156,508	542,131	1,698,639
2025	1,169,453	507,175	1,676,628
2026	1,204,291	471,817	1,676,108
2027-2031	6,581,464	1,790,736	8,372,200
2032-2036	5,253,739	840,096	6,093,835
2037- 2041	3,453,000	207,571	3,660,571
Totals	\$ 21,032,040	\$ 5,544,641	\$ 26,576,681

5. Changes in General Long-Term Debt

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

	July 1, 2020	Additions	Deletions	June 30, 2021	Due Within One Year
Governmental activities:					
General Obligation Bonds:					
GO Bonds, Series 2012	8,145,038	-	(521,332)	7,623,706	537,002
GO Bonds, Series 2019	13,870,450	-	(522,978)	13,347,472	533,866
Bus lease	79,988	-	(19,126)	60,862	19,695
Early retirement obligations	38,716	49,528	-	88,244	27,667
Net OPEB liability	921,881	-	(104,195)	817,686	-
Net unfunded pension liability	18,751,415	3,747,041	-	22,498,456	-
Governmental activity long-term liabilities	<u>\$ 41,807,488</u>	<u>\$ 3,796,569</u>	<u>\$ (1,167,631)</u>	<u>\$ 44,436,426</u>	<u>\$ 1,118,230</u>

**Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)**

IV. Detailed Notes on All Funds (continued)

F. Fund Balance Disclosures

The District classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts inherently non-spendable since they represent inventories, prepaid items, long-term portions of loans receivable, etc.

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. The District has the following restrictions on fund balance at June 30, 2021:

TABOR	\$	800,000
Capital Projects		3,817,157
Debt service		2,482,889
Insurance reserve		225,000
Other purposes		4,060
	\$	<u>7,329,106</u>

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 School Board of the District. The District's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the District's platform to review, and/or make changes to each department's budget. The budget is formally presented to the School Board of the District via an advertised public process for their review, revisions and final approval by year-end.

All subsequent budget requests made during the year, after School Board approval, must be presented via a public process and again approved by the School Board of the District.

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 School Board of the District, or its management designees.

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

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit this, such as grant agreements that require dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts when expenditures are made. The District does not have an adopted minimum fund balance policy; however, the District's budget includes calculations of targeted reserve positions, which is reported annually to the School Board of the District.

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

Benefits provided as of December 31, 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 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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

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

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code. Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contribution provisions as of December 31, 2021: Eligible employees, the District, and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below:

	July 1, 2020 through June 30, 2021
Employer Contribution Rate	10.90%
Amount of the Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	(1.02)%
Amount Apportioned to the SCHDTF	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED as presented in C.R.S. 24-51-411	5.50%
Total Employer Contribution Rate to the SCHDTF	<u>19.88%</u>

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) 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. House Bill (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 are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were for the year ended June 30, 2021.

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 School's proportion of the net pension liability was based on the School'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 School reported a liability of \$22,498,456 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 School 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 School were as follows:

The District's proportionate share of the net pension liability	\$ 22,498,456
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	-
Total	<u>\$ 22,498,456</u>

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

At December 31, 2021, the District's proportionate share was 0.1488%, as compared to its proportionate share of 0.1255% at December 31, 2020.

Pension Expense: For the year ended June 30, 2021, the District recognized pension expense (credit) of \$(4,701,482) and revenue of \$0 for support from the State as a nonemployer contributing entity.

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 expenses and actual experience	\$ 1,236,179	\$ -
Change of assumptions or other inputs	2,164,282	3,781,796
Net difference between projected and actual earnings on pension plan investments	-	4,952,421.00
Changes in proportionate share of contributions	3,744,720	870,777.00
Contributions subsequent to measurement date	832,588	-
	<u>\$ 7,977,769</u>	<u>\$ 9,604,994</u>

\$832,588, reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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,	Amortization
2022	\$ (3,260,181)
2023	1,809,456
2024	(227,824)
2025	(781,264)
	<u>\$ (2,459,813)</u>

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Defined Benefit Pension – Plan, Liabilities, Expense, 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%
Future post-retirement benefit increases:	
Discount rate	7.25%
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	1.25%
PERA Benefit Structure hired prior after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

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

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 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.

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (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	0.70%
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	Financed by the 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.

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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.

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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	6.00%	4.70%
Total	<u>100.00%</u>	

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.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include 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.

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 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of net pension liability	\$ 30,689,739	\$ 22,498,456	\$ 15,672,421

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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.

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

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

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.

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

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

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were \$ for the year ended June 30, 2021.

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

At June 30, 2021, the School reported a liability for Other Post-Employment Benefits (“OPEB”) of \$817,686 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 School proportion of the net OPEB liability was based on School 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 School proportion was 0.0861%, as compared to its proportionate share of 0.0820% at December 31, 2020.

Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2021, the District recognized OPEB expense (Credit) of \$(21,380). 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	\$ 2,170	\$ 179,767
Net difference between projected and actual earnings on plan investments	-	33,411
Changes in proportionate share of contributions	64,331	21,510
Contributions subsequent to measurement date	7,130	-
	<u>\$ 79,740</u>	<u>\$ 284,828</u>

\$7,130, reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB related expense as follows:

Year Ended June 30,	Amortization
2022	\$ (51,177)
2023	(46,502)
2024	(52,640)
2025	(48,369)
2026	(12,768)
Thereafter	(762)
	<u>\$ (212,218)</u>

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Actuarial assumptions. The total OPEB liability in the December 31, 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 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	8.10 percent in 2020, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent in 2020, gradually rising to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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 Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

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

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

**Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)**

IV. Detailed Notes on All Funds (continued)

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

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:

Year	PERACare Medicare Plans	Medicare Part A Premiums
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.

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.

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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.

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (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%-12.40%	N/A	3.20%-12.40% ¹	N/A

¹ C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes 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 percent.

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.

**Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)**

IV. Detailed Notes on All Funds (continued)

H. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (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 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division 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 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 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 for Members other than State Troopers 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.

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:

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

- 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.

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 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.

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:

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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	6.00%	4.70%
Total	<u>100.00%</u>	

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.

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 PERA Care Medicare Trend Rate	7.10%	8.10%	9.10%
Ultimate PERA Care 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	3.50%	4.50%	5.50%
Collective Net OPEB Liability	925,665,000	950,225,000	978,816,000
Proportionate Share of Net OPEB Liability	796,552	817,686	842,289

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 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 percent.

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

- 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.

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

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

	1% Decrease 6.25%	Current Discount 7.25%	1% Increase 8.25%
Proportionate Share of Net OPEB Liability	\$ 796,552	\$ 817,686	\$ 842,289

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.

V. Other Information

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and distortion of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance.

Liability and Property. The District maintains commercial insurance coverage for liability, property, errors and omissions, workers' compensation and employee vision. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

V. Other Information (continued)

A. Risk Management (continued)

Employee Health Care. The District has adopted a plan for self-insurance of health and dental benefits for employees which is administered by a third party administrator. The plan provides for the District to pay all allowable health expenses up to \$50,000 annually, for each insured, with all claims for each insured in excess of \$50,000 insured by a "stop-loss" insurance policy. An aggregate overall stop-loss per calendar year, based on a calculation of monthly attachment points, exists under the plan. Claim payments are based specific claims expenses. Estimated amounts of subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims, if any. Unpaid claims at year end include all allocated claims adjustment expenditures. Claims that have been incurred but not reported ("IBNR") are reported as a liability in the *health insurance fund* (June 30, 2021 - \$196,879, June 30, 2020 - \$48,455).

The District purchased an excess loss policy from Companion Life Insurance Company (the "CLIC") for the year ended June 30, 2021 for losses greater than \$50,000, per employee, subject to no maximum individual lifetime reimbursement and aggregate maximum per coverage period of \$1,000,000.

Although management believes the CLIC is financially stable, the District may be held liable for excess loss reimbursement due under this policy if it became insolvent.

B. Contingencies

1. Legal Matters

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 and State Programs

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

3. Significant taxpayer

The assessed properties within the boundaries of Lake County include one taxpayer that represents approximately 30% of the total taxable assessed valuation of the County. Non-payment of taxes by this taxpayer would materially affect the revenues of the District.

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

V. Other Information (continued)

C. Defined Contribution Pension Plan – Voluntary Investment Program

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

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

D. Jointly Governed Organization - BOCES

The District is a participant among three other districts and the Colorado Mountain College in a jointly governed organization to operate the Mountain Board of Cooperative Educational Services (the "BOCES"). The purpose of the BOCES is to pool resources of the individual districts and to provide services common to each on a basis that is more economical than if the same services were provided individually. The BOCES is governed by a board of directors consisting of a member of the Board of Education and the superintendent from each of the participating members. For the year ended June 30, 2021, the District paid assessments totaling \$185,338 to 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	\$ 2,009,861
Liabilities	<u>4,760,104</u>
Net Position	<u><u>(2,750,243)</u></u>
Expenses	(1,654,600)
Program Revenues	2,232,694
General Revenues	<u>248,327</u>
Change in Net Position	<u>826,421</u>
Net Position - Beginning	<u>(3,576,664)</u>
Net Position - Ending	<u><u>\$ (2,750,243)</u></u>

Lake County School District
Notes to the Financial Statements
June 30, 2021
(Continued)

V. Other Information (continued)

E. State Loan Program

During the year ended June 30, 2021, the District borrowed \$1,629,385 from the State-sponsored interest-free loan program to provide cash flow throughout the fiscal year. The loan was paid in full in May 2021, from property taxes received in February and March.

F. Restatement of Pupil Activity Fund

In 2021, the District implemented the Governmental Accounting Standards Board Statement No. 84 ("GASB 84"), *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities for state and local governments. The District previously reported the activity of the Pupil Activity Agency Fund as a fiduciary fund. After implementation of GASB 84, the District has restated the pupil activity fund as a special revenue fund. Accordingly the newly established special revenue fund reports a restated beginning fund balance of \$280,287, which is equal to the restatement of net current assets and current liabilities previously reported in the agency fund. All remaining assets and liabilities, if any, previously reported in the agency fund are not recognized at the fund level under the modified accrual basis of accounting, and have been reclassified as assets and liabilities of the governmental activities as of July 1, 2020.

G. Restatement of Beginning Fund Balance / Net Position

Beginning Fund Balance and Net Position were restated as follows:

Debt Service Fund

Fund Balance - Beginning of Year	\$ 2,294,685
Restate deferred revenue related to property tax	<u>(34,971)</u>
Fund Balance - Beginning of Year (restated)	<u><u>\$ 2,259,714</u></u>

Governmental Activities:

Net Position - Beginning of Year	\$ 2,147,873
Restate pupil activity fund balance as governmental	280,287
Debt service fund restatement	(34,971)
Restate capital assets balance	<u>(239,888)</u>
Net Position - Beginning of Year (restated)	<u><u>\$ 2,153,301</u></u>

Lake County School District

Required Supplementary Information



Lake County School District
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:				
General property taxes	\$ 6,144,808	\$ 5,984,086	\$ 6,012,744	\$ 28,658
Specific ownership taxes	315,779	365,774	572,420	206,646
Federal sources	270,909	287,916	343,615	55,699
State sources	3,458,522	3,694,007	3,975,850	281,843
Interest income	2,500	2,500	5,032	2,532
Other revenue	385,159	254,868	330,881	76,013
Total Revenues	<u>10,577,677</u>	<u>10,589,151</u>	<u>11,240,542</u>	<u>651,391</u>
Expenditures:				
Direct instruction	6,820,902	6,541,464	6,404,524	136,940
Indirect instruction	891,819	905,932	847,490	58,442
Transportation	436,097	451,201	408,441	42,760
Custodial and maintenance	1,485,145	1,355,919	1,379,523	(23,604)
Support services	812,083	811,948	596,099	215,849
General administration	1,095,686	1,144,422	992,887	151,535
Total Expenditures	<u>11,541,732</u>	<u>11,210,886</u>	<u>10,628,964</u>	<u>581,922</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(964,055)</u>	<u>(621,735)</u>	<u>611,578</u>	<u>1,233,313</u>
Other Financing Sources (Uses):				
Transfers (out)	(361,000)	(546,671)	(213,091)	333,580
Total Other Financing Sources (Uses)	<u>(361,000)</u>	<u>(546,671)</u>	<u>(213,091)</u>	<u>333,580</u>
Net Change in Fund Balance	<u>(1,325,055)</u>	<u>(1,168,406)</u>	<u>398,487</u>	<u>1,566,893</u>
Fund Balance - Beginning of the Year	<u>1,325,055</u>	<u>1,168,406</u>	<u>3,025,036</u>	<u>1,856,630</u>
Fund Balance - End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,423,523</u>	<u>\$ 3,423,523</u>

The accompanying notes are an integral part of this statement.

Lake County School District
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Special Revenue Fund
Grant Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:				
Federal sources	\$ 1,550,270	\$ 2,344,181	\$ 1,854,873	\$ (489,308)
State sources	480,029	875,426	804,413	(71,013)
Other revenue	486,167	573,972	434,077	(139,895)
Total Revenues	<u>2,516,466</u>	<u>3,793,579</u>	<u>3,093,363</u>	<u>(700,216)</u>
Expenditures:				
Direct instruction	838,076	855,109	826,820	28,289
Indirect instruction	1,724,934	2,648,362	1,954,097	694,265
Custodial and maintenance	-	59,641	54,317	5,324
Support services	2,440	2,440	2,366	74
Capital outlay	-	277,011	304,420	(27,409)
Contingency	312,016	316,856	-	316,856
Total Expenditures	<u>2,877,466</u>	<u>4,159,419</u>	<u>3,142,020</u>	<u>1,017,399</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(361,000)</u>	<u>(365,840)</u>	<u>(48,657)</u>	<u>317,183</u>
Other Financing Sources (Uses):				
Transfers in (out)	361,000	365,840	48,657	(317,183)
Total Other Financing Sources (Uses)	<u>361,000</u>	<u>365,840</u>	<u>48,657</u>	<u>(317,183)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of the Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Lake County School District
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 *

	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
District's portion of the net pension liability	0.1488%	0.1255%	0.1254%	0.1397%	0.1468%	0.1460%	0.1444%	0.1468%
District's proportionate share of the net pension liability	22,498,456	18,751,415	22,198,702	45,171,535	43,717,274	22,387,081	19,569,347	18,308,363
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	-	2,378,379	3,035,364	-	-	-	-	-
Total proportionate share of the net pension liability associated with the District	<u>22,498,456</u>	<u>21,129,794</u>	<u>25,234,066</u>	<u>45,171,535</u>	<u>43,717,274</u>	<u>22,387,081</u>	<u>19,569,347</u>	<u>18,308,363</u>
District's covered payroll	7,957,610	7,374,222	6,911,090	6,679,965	6,590,004	6,363,878	6,049,167	5,786,362
District's proportionate share of the net pension liability as a percentage of its covered payroll	283%	254%	321%	676%	663%	315%	315%	316%
Plan fiduciary net position as a percentage of the total pension liability	66.99%	64.52%	57.01%	43.96%	43.13%	59.16%	62.80%	64.10%

* 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 2013.

Lake County School District
Schedule of District Pension Contributions
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2013</u>
Contractually required contribution	\$ 1,634,851	\$ 1,493,088	\$ 1,354,436	\$ 1,329,727	\$ 1,235,169	\$ 1,233,696	\$ 1,120,600	\$ 990,535	\$ 926,219
Contributions in relation to the contractually required contribution	<u>\$ (1,634,851)</u>	<u>\$ (1,493,088)</u>	<u>\$ (1,354,436)</u>	<u>\$ (1,329,727)</u>	<u>\$ (1,235,169)</u>	<u>\$ (1,233,696)</u>	<u>\$ (1,120,600)</u>	<u>\$ (990,535)</u>	<u>\$ (926,219)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 8,223,598	\$ 7,704,255	\$ 7,080,166	\$ 6,679,965	\$ 6,366,791	\$ 6,571,617	\$ 6,256,642	\$ 5,822,274	\$ 5,748,203
Contributions as a percentage of covered payroll	19.88%	19.38%	19.13%	19.91%	19.40%	18.77%	17.91%	17.01%	16.11%

* The amounts presented for each fiscal year were determined as of the fiscal year-end.
Information is only available beginning in fiscal year 2013.

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

	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
District's proportion of the net OPEB liability	0.0861%	0.0820%	0.0814%	0.0794%
District's proportionate share of the net OPEB liability	817,686	921,881	1,107,707	1,031,527
District's covered payroll	7,957,610	7,374,222	6,911,090	6,679,965
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	10.28%	12.50%	16.03%	15.44%
Plan fiduciary net position as a percentage of the total OPEB liability	32.78%	24.49%	17.03%	18.00%

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

Lake County School District
Schedule of District Other Post-Employment Benefits Contributions
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Contractually required contribution	\$ 83,881	\$ 78,583	\$ 72,218	\$ 68,135
Contributions in relation to the contractually required contribution	<u>\$ (83,881)</u>	<u>\$ (78,583)</u>	<u>\$ (72,218)</u>	<u>\$ (68,135)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 8,223,598	\$ 7,704,255	\$ 7,080,166	\$ 6,679,965
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

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

Lake County School District

Supplementary Information



Lake County School District
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Debt Service Fund
Bond Redemption Fund
For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:				
General property taxes	\$ 1,995,744	\$ 1,995,744	\$ 1,902,655	\$ (93,089)
Other revenue	-	-	3,563	3,563
Total Revenues	<u>1,995,744</u>	<u>1,995,744</u>	<u>1,906,218</u>	<u>(89,526)</u>
Expenditures:				
Debt Service				
Principal	1,044,310	1,044,310	1,044,310	-
Interest	638,733	638,733	638,733	-
Total Expenditures	<u>1,683,043</u>	<u>1,683,043</u>	<u>1,683,043</u>	<u>-</u>
Net Change in Fund Balance	312,701	312,701	223,175	(89,526)
Fund Balance - Beginning of the Year (restated)	<u>(312,701)</u>	<u>(312,701)</u>	<u>2,259,714</u>	<u>2,572,415</u>
Fund Balance - End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,482,889</u>	<u>\$ 2,482,889</u>

The accompanying notes are an integral part of this statement.

Lake County School District
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Building Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:				
State sources	\$ 20,205,572	\$ 19,431,537	\$ 13,705,809	\$ (5,725,728)
Total Revenues	<u>20,205,572</u>	<u>19,431,537</u>	<u>13,705,809</u>	<u>(5,725,728)</u>
Expenditures:				
Capital Outlay	33,675,954	32,385,899	22,843,014	9,542,885
Total Expenditures	<u>33,675,954</u>	<u>32,385,899</u>	<u>22,843,014</u>	<u>9,542,885</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(13,470,382)</u>	<u>(12,954,362)</u>	<u>(9,137,205)</u>	<u>3,817,157</u>
Other Financing Sources (Uses):				
Debt proceeds	13,470,382	12,954,362	-	12,954,362
Total Other Financing Sources	<u>13,470,382</u>	<u>12,954,362</u>	<u>-</u>	<u>12,954,362</u>
Net Change in Fund Balance	-	-	(9,137,205)	16,771,519
Fund Balance - Beginning of the Year	<u>-</u>	<u>-</u>	<u>12,954,362</u>	<u>12,954,362</u>
Fund Balance - End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,817,157</u>	<u>\$ 29,725,881</u>

The accompanying notes are an integral part of this statement.

Lake County School District
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Capital Projects Fund
Capital Reserve Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:				
State sources	\$ 163,236	\$ 180,703	\$ 178,394	\$ (2,309)
Other revenue	110,000	110,000	130,012	20,012
Total Revenues	<u>273,236</u>	<u>290,703</u>	<u>308,406</u>	<u>17,703</u>
Expenditures:				
Debt Service				
Principal	-	19,126	19,126	-
Interest	-	2,382	2,381	1
Capital outlay	423,736	549,395	262,029	287,366
Total Expenditures	<u>423,736</u>	<u>570,903</u>	<u>283,536</u>	<u>287,367</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(150,500)</u>	<u>(280,200)</u>	<u>24,870</u>	<u>305,070</u>
Other Financing Sources (uses)				
Transfers in (out)	-	129,700	129,700	-
Total Other Financing Sources (uses)	<u>-</u>	<u>129,700</u>	<u>129,700</u>	<u>-</u>
Net Change in Fund Balance	(150,500)	(150,500)	154,570	305,070
Fund Balance - Beginning of the Year	<u>150,500</u>	<u>150,500</u>	<u>319,215</u>	<u>168,715</u>
Fund Balance - End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 473,785</u>	<u>\$ 473,785</u>

The accompanying notes are an integral part of this statement.

**Lake County School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2021**

	Special Revenue Funds				Total Non-Major Governmental Funds
	Food Service Fund	Center Fund	Pupil Activity Fund	Head Start Fund	
Assets:					
Cash and cash equivalents	\$ 5,669	\$ 17,808	\$ 294,208	\$ -	\$ 317,685
Due from other governments	169,617	73	-	107,086	276,776
Due from other funds	96,789	21,441	-	-	118,230
Inventories and prepaid expenses	6,443	-	-	-	6,443
Total Assets	278,518	39,322	294,208	107,086	719,134
Liabilities:					
Accounts and deposits payable	30,266	210	-	581	31,057
Accrued compensation	31,829	10,965	-	41,070	83,864
Due to other funds	12,500	-	-	65,435	77,935
Total Liabilities	74,595	11,175	-	107,086	192,856
Fund Balances:					
Non-spendable	6,443	-	-	-	6,443
Spendable:					
Assigned	197,480	28,147	294,208	-	519,835
Total Fund Balances	203,923	28,147	294,208	-	526,278
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 278,518	\$ 39,322	\$ 294,208	\$ 107,086	\$ 719,134

The accompanying notes are an integral part of this statement.

Lake County School District
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
June 30, 2021

	Special Revenue Funds				Total Non-Major Governmental Funds
	Food Service Fund	Center Fund	Pupil Activity Fund	Head Start Fund	
Revenues:					
Intergovernmental revenues:					
Federal sources	\$ 1,225,801	\$ 4,197	\$ -	\$ 974,118	\$ 2,204,116
State sources	4,066	-	-	-	4,066
Charges for services	67,133	111,208	80,289	-	258,630
Total Revenues	<u>1,297,000</u>	<u>115,405</u>	<u>80,289</u>	<u>974,118</u>	<u>2,466,812</u>
Expenditures:					
Direct instruction	-	4,197	-	-	4,197
Transportation	-	-	-	24,596	24,596
Custodial and maintenance	-	-	-	16,086	16,086
Community service	-	132,711	-	699,997	832,708
Food service operations	1,141,084	-	-	-	1,141,084
Student activities	-	-	66,368	-	66,368
Capital outlay	8,774	-	-	233,439	242,213
Total Expenditures	<u>1,149,858</u>	<u>136,908</u>	<u>66,368</u>	<u>974,118</u>	<u>2,327,252</u>
Excess (Deficiency) or Revenues Over Expenditures	<u>147,142</u>	<u>(21,503)</u>	<u>13,921</u>	<u>-</u>	<u>139,560</u>
Other Financing Sources (Uses):					
Transfers in (out)	-	34,734	-	-	34,734
Total Other Financing Sources (Uses)	<u>-</u>	<u>34,734</u>	<u>-</u>	<u>-</u>	<u>34,734</u>
Net Change in Fund Balance	147,142	13,231	13,921	-	174,294
Fund Balance - Beginning of the Year (restated)	<u>56,781</u>	<u>14,916</u>	<u>280,287</u>	<u>-</u>	<u>351,984</u>
Fund Balance - End of the Year	<u>\$ 203,923</u>	<u>\$ 28,147</u>	<u>\$ 294,208</u>	<u>\$ -</u>	<u>\$ 526,278</u>

The accompanying notes are an integral part of this statement.

Lake County School District
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Special Revenue Fund
Food Service Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:				
Federal sources	\$ 484,448	\$ 1,462,633	\$ 1,225,801	\$ (236,832)
State sources	14,500	4,067	4,066	(1)
Food sales	215,000	99,300	67,133	(32,167)
Total Revenues	713,948	1,566,000	1,297,000	(269,000)
Expenditures:				
Food Service Operations:				
Salaries and employee benefits	416,892	700,146	573,030	127,116
Supplies	3,500	15,000	8,261	6,739
Other	2,500	2,500	4,139	(1,639)
Food costs	303,000	905,135	555,654	349,481
Capital outlay	-	-	8,774	(8,774)
Total Expenditures	725,892	1,622,781	1,149,858	472,923
Net Change in Fund Balance	(11,944)	(56,781)	147,142	203,923
Fund Balance - Beginning of the Year	11,944	56,781	56,781	-
Fund Balance - End of the Year	\$ -	\$ -	\$ 203,923	\$ 203,923

The accompanying notes are an integral part of this statement.

Lake County School District
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Special Revenue Fund
The Center Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:				
Federal revenue	\$ 4,712	\$ 4,712	\$ 4,197	\$ (515)
Tuition and fees	149,000	95,900	111,208	15,308
Total Revenues	<u>153,712</u>	<u>100,612</u>	<u>115,405</u>	<u>14,793</u>
Expenditures:				
Direct instruction	4,712	4,712	4,197	515
Community service	173,825	145,550	132,711	12,839
Total Expenditures	<u>178,537</u>	<u>150,262</u>	<u>136,908</u>	<u>13,354</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(24,825)</u>	<u>(49,650)</u>	<u>(21,503)</u>	<u>28,147</u>
Other Financing Sources (uses):				
Transfers in (out)	-	34,734	34,734	-
Total Other Financing Sources (uses)	<u>-</u>	<u>34,734</u>	<u>34,734</u>	<u>-</u>
Net Change in Fund Balance	(24,825)	(14,916)	13,231	28,147
Fund Balance - Beginning of the Year	<u>24,825</u>	<u>14,916</u>	<u>14,916</u>	<u>-</u>
Fund Balance - End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,147</u>	<u>\$ 28,147</u>

The accompanying notes are an integral part of this statement.

Lake County School District
Schedule of Revenues, Expenditures, and Change in Fund Balance - 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>Variance Positive (Negative)</u>
Revenues:				
Tuition and fees	\$ 275,000	\$ 275,000	\$ 80,289	\$ (194,711)
Total Revenues	<u>275,000</u>	<u>275,000</u>	<u>80,289</u>	<u>(194,711)</u>
Expenditures:				
Student activities	275,000	275,000	66,368	208,632
Total Expenditures	<u>275,000</u>	<u>275,000</u>	<u>66,368</u>	<u>208,632</u>
Net Change in Fund Balance	-	-	13,921	13,921
Fund Balance - Beginning of the Year (restated)	-	-	280,287	280,287
Fund Balance - End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 294,208</u>	<u>\$ 294,208</u>

The accompanying notes are an integral part of this statement.

Lake County School District
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Special Revenue Fund
Head Start Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:				
Federal sources	\$ 659,071	\$ 942,878	\$ 974,118	\$ 31,240
Other revenue	164,768	164,768	-	(164,768)
Total Revenues	<u>823,839</u>	<u>1,107,646</u>	<u>974,118</u>	<u>(133,528)</u>
Expenditures:				
Transportation	21,217	21,217	24,596	(3,379)
Custodial maintenance	19,802	19,802	16,086	3,716
Community service	782,820	828,518	699,997	128,521
Capital outlay	-	238,109	233,439	4,670
Total Expenditures	<u>823,839</u>	<u>1,107,646</u>	<u>974,118</u>	<u>133,528</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of the Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of the Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this statement.

Lake County School District
Schedule of Revenues, Expenses, and Change in Net Position - Budget and Actual (GAAP BASIS)
Internal Service Fund
Health Insurance Fund
For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Insurance premiums	\$ 1,671,757	\$ 1,671,757	\$ 1,711,128	\$ 39,371
Stop loss reimbursements	200,000	200,000	389,658	189,658
Total Revenues	<u>1,871,757</u>	<u>1,871,757</u>	<u>2,100,786</u>	<u>229,029</u>
Expenses:				
Premiums paid	<u>1,871,757</u>	<u>1,871,757</u>	<u>2,232,317</u>	<u>(360,560)</u>
Total Expenses	<u>1,871,757</u>	<u>1,871,757</u>	<u>2,232,317</u>	<u>(360,560)</u>
Change in Net Position	-	-	(131,531)	(131,531)
Net Position - Beginning of the Year	<u>-</u>	<u>-</u>	<u>333,607</u>	<u>333,607</u>
Net Position - End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,076</u>	<u>\$ 202,076</u>

The accompanying notes are an integral part of this statement.

Lake County School District
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule by Source
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Governmental funds capital assets:		
Land	\$ 431,995	\$ 431,995
Construction in progress	25,173,444	2,330,439
Buildings	30,372,852	31,394,485
Equipment and vehicles	<u>751,016</u>	<u>694,674</u>
Total governmental funds capital assets	<u>\$ 56,729,307</u>	<u>\$ 34,851,593</u>

**Lake County School District
Notes to Required Supplementary Information
June 30, 2021**

I. Schedule of School'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 provision 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.

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 FNP, and the resulting application of the municipal bond index rate.

Lake County School District
Notes to Required Supplementary Information
June 30, 2021
(Continued)

I. Schedule of School'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 (continued):

- 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:

- The investment return assumption was lowered from 7.50 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 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 single equivalent interest rate (the "SEIR") for the SCHDTF 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 fiduciary net position (the "FNP"), and the resulting application of the municipal bond index rate
- The SEIR for the DPS Division was lowered from 7.50 percent to 7.25 percent, reflecting the change in the long-term expected rate of return.

6. Changes Since the December 31, 2014 actuarial valuation:

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

Lake County School District
Notes to Required Supplementary Information
June 30, 2021
(Continued)

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

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. Notes to the Schedule of School 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 School's Proportionate Share of the OPEB Liability

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit term

No changes during the years presented.

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

No changes during the years presented.

IV. Notes to the Schedule of School OPEB 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.



Colorado Department of Education

Auditors Integrity Report

District: 1510 - Lake County R-1

Fiscal Year 2020-21

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

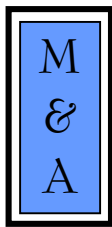
Fund Type &Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	3,008,639	10,798,785	10,387,961	3,419,463
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	16,398	228,666	241,004	4,060
Sub- Total	3,025,037	11,027,451	10,628,965	3,423,523
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	14,916	1,124,257	1,111,026	28,147
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	56,780	1,297,001	1,149,859	203,922
22 Govt Designated-Purpose Grants Fund	0	3,142,019	3,142,019	0
23 Pupil Activity Special Revenue Fund	280,287	80,289	66,368	294,207
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	2,259,714	1,906,217	1,683,042	2,482,889
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	12,954,362	13,705,809	22,843,014	3,817,157
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	319,216	438,106	283,536	473,786
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	18,910,311	32,721,150	40,907,830	10,723,631
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	333,606	389,658	521,189	202,075
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	333,606	389,658	521,189	202,075
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

Lake County School District

Reports and Schedules for Reporting Requirements
Of Uniform Guidance





McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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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
Lake County School District
Leadville, CO**

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 Lake County School District (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 **December 13, 2021**.

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 District'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.

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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as Finding 2021-001.

Member: American Institute of Certified Public Accountants

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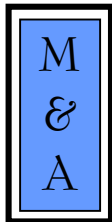
INDEPENDENT AUDITOR'S REPORT
To the Board of Education
Lake County School District
Leadville, CO

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 *Government 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.
December 13, 2021



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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

**To the Board of Education
Lake County School District
Leadville, CO**

Report on Compliance for Each Major Program

We have audited the compliance of the Lake County School District (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 on 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and 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.

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.

Member: American Institute of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Education
Lake County School District
Leadville, CO**

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with is required to be reported in accordance with the Uniform Guidance and is described in the accompanying Schedule of Findings and Questioned Costs as Finding 2021-001. Our opinion on the District's major federal programs is not modified with respect to this matter.

The District's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 of compliance, 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 the 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 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 deficiency and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Uniform Guidance and the Guide. Accordingly, this report is not suitable for any other purpose.


McMahan and Associates, L.L.C.
December 13, 2021

Lake County School District
SCHEDULE OF AUDIT 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 –	
Child Nutrition Cluster	ALN# 10.555
Coronavirus Relief Fund	ALN# 21.019
Elementary and Secondary School Emergency Relief (ESSER)	ALN# 84.425
Dollar threshold used to identify Type A from Type B programs	\$750,000
Identified as low-risk auditee	No

Part II: Findings Related to Financial Statements

Findings related to financial statements as required by Government Auditing Standards	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	Yes
Auditor-assigned reference number	2021-001

Lake County School District
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Reference Number	Findings
2021-001	Coronavirus Relief Fund (CFDA 21.019), Department of Treasury Passed through Colorado Department of Local Affairs Grant Period: Year ended June 30, 2021 Criteria or Specific Requirement: Grant criteria requires that payments from the Fund may only be used to cover costs that 1) are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease (COVID-19), 2) were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) and 3) were incurred during the period that begins March 1, 2020, and ends on December 31, 2021. Condition: The District submitted reimbursement for part of a BOCES assessment that was included in its previously budgeted expenses. Questioned Costs: Total questioned costs were \$21,582. Context: The finding was noted in only one of seventeen transactions selected for testing. Effect: Compliance over allowed costs was not followed. Cause: The District misinterpreted guidance provided by the Colorado Department of Education throughout the year. Recommendation: We recommend that the District continue to seek additional guidance on the grant to ensure compliance requirements are followed. Views of Responsible Officials and Planned Corrective Action: We agree with the auditor's recommendation and have amended the reimbursement report to remove the disallowed cost.

Lake County School District
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Significant Deficiency
2020-001

It was recommended that management get necessary training to be able to produce a set of financial statements that are in compliance with generally accepted principles as applied to local governments.

Status of finding: The finding has been corrected in the year ended June 30, 2021.

Lake County School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN Number	Grant Project Code	Expenditures	
United States Department of Education				
Passed through State Department of Education:				
Title I, Part A	84.010	4010/5010	397,064	
Education for Homeless Children and Youth	84.196A	5196	24,630	
Twenty-First Century Community Learning Centers	84.287	5287/6287	270,212	
English Language Acquisition State Grants	84.365	4365	25,589	
Supporting Effective Instruction State Grants	84.367	4367	40,080	
Title IV, Student Support	84.424A	4424	17,098	
US Department of Education Rise, Response, Innovation and Student Equity	84.425C	6425	114,591	
COVID-19 ESSER, Elementary and Secondary School Emergency Relief	84.425D	4425	189,618	
COVID-19 ESSER II, Elementary and Secondary School Emergency Relief	84.425D	4420	23,632	
Connecting Colorado Student Grant ESSER Funds	84.425D	5525	297	
Education Stabilization Fund	84.425D	5625	31	
Subtotal - Elementary and Secondary School Emergency Relief			328,169	
Passed through Colorado Community College System:				
Career and Technical Education - Basic Grants to States	84.048	4048	7,327	
Total United States Department of Education			1,110,169	
United States Treasury				
Passed through State Department of Education:				
Coronavirus Relief Fund	21.019	4012	650,432	
Coronavirus Relief Fund K-12 At-Risk Pupils	21.019	5012	49,503	
Coronavirus Relief Fund Safe Schools Reopening	21.019	6012	70,450	
Subtotal - Coronavirus Relief Fund			770,385	
Total United States Treasury			770,385	
United States Department of Health and Human Services				
Head Start	93.600	8600	974,118	B
Passed through State Department of Education:				
Improving Student Health and Academic Achievement	93.981	7981	17,000	
Total United States Department of Health and Human Services			991,118	
United States Department of Agriculture				
Passed Through Lake County Treasurer:				
Schools and Roads - Grants to States	10.665	7665	130,012	C
Passed through Colorado Department of Human Services:				
Food Distribution Commodities	10.555	4555	32,833	A
Child Nutrition Discretionary Grants	10.579	5579	6,823	A
Passed through State Department of Education:				
National School Lunch Program Cluster	10.555	4555	214,380	A
Snack Program	10.558	4558	336,021	
Summer Food Service Program for Children	10.559	4559	608,262	A
Fresh Fruit and Vegetable Program	10.582	4582	34,110	
Total United States Department of Agriculture			1,362,441	
Total Federal Expenditures			\$ 4,234,113	
Additional Information for Clusters:				
A Child Nutrition Cluster	\$ 862,298			
B Head Start Cluster	\$ 974,118			
C Forest Service Schools and Roads Cluster	\$ 130,012			

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 Lake County School District, 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, US 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. Basis of Determining the Value of Non-Cash Awards Expended:

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

Note 3. Sub recipients:

The District did not provide any federal funds listed in the Schedule of Expenditures of Federal Awards received to sub recipients.

Note 4. Indirect Facilities and Administration Costs:

The District does not opt 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.

**CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2021**

Reference Number	Finding and Corrective Action Plan
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Lake County School District respectfully submits the following corrective action plan for the year ended June 30, 2021.

2021-001 Coronavirus Relief Fund – Federal Assistance Listing 21.019

Compliance Requirement: Allowable Costs and Costs Principles

Questioned Costs: None.

Corrective Action: The District agrees that 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 question 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: Paul Anderson, Chief Financial Officer

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 anticipated to be approved by CDE.