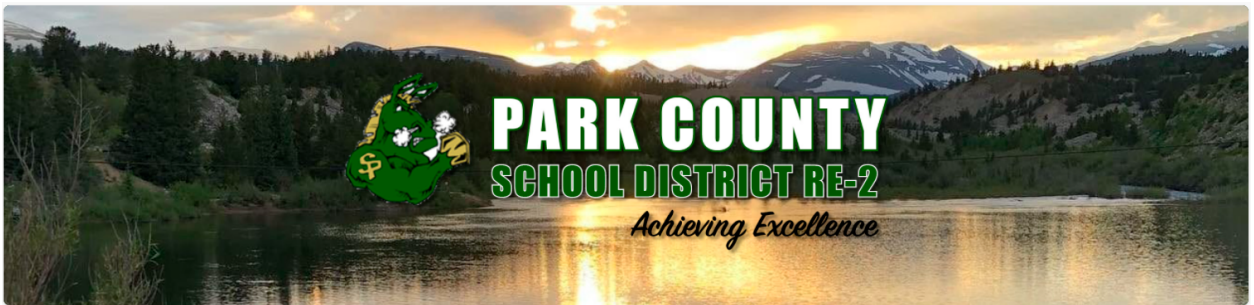


Park County School District RE-2

Financial Report

June 30, 2021



**Park County School District RE-2
Financial Report
June 30, 2021**

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**Park County School District RE-2
Annual Financial Report
June 30, 2021**

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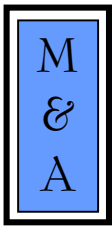
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INDEPENDENT AUDITOR'S REPORT

**To the Board of Education
Park County School District RE-2
Fairplay, Colorado**

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Park County School District RE-2 (the "District"), as of and for the year ended June 30, 2021, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Member: American Institute of Certified Public Accountants

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Park County School District RE-2 as of June 30, 2021, and the respective changes in financial position for the year then ended in conformity with U. S. generally accepted accounting principles.

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 U. S. generally accepted auditing standards, 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 basic financial statements but is supplementary information required by U. S. generally accepted accounting principles. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with U. S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Other Matters (continued)

Additionally, the Schedule of Expenditures of Federal Awards included in the Single Audit section is presented for the purpose 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 to 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 statement or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated **February 23, 2022**, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contracts, 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 Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
February 23, 2022

Park County School District RE-2
Management's Discussion and Analysis



**Park County School District RE-2
Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2021**

As management of the Park County School District RE-2 (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.

Financial Highlights

- The assets of the District exceeded its liabilities by \$16,757,819 (net position) at the close of the most recent fiscal year end. Like many Colorado School Districts, unrestricted net assets are negative due to a large net pension liability relating to the District's share of PERA.
- At the end of the current fiscal year, total fund balance for the General Fund was \$3,704,132 or 53% of total General Fund expenditures of \$6,953,224. The District's General Fund includes the Insurance Reserve Fund, as required by the Colorado Department of Education. The District's fund balance, excluding this additional fund, totaled \$3,474,682, which was an increase of \$318,960 from the prior year.
- The District's total net position (including charter schools) increased by \$2,830,852.
- The District's debt decreased a net amount of \$802,923 from June 30, 2020 and was the result of payments for scheduled debt.

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 are comprised of three components: 1) government-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.

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

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).

The only category reported in the government-wide financial statements is as follows:

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

The government-wide financial statement includes not only the Park County School District RE-2 itself, but also the Lake George and Guffey Charter Schools as component units to the District. These Charter Schools function as schools of the District, and therefore, have been included as an integral part of the District.

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

Overview of the Financial Statements (continued)

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

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental 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 government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds 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.

The District maintains five individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Capital Reserve Fund, Student Activity Fund, Food Service Fund and Bond Redemption Fund, all of which are considered to be major funds.

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

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

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for Fiduciary funds is much like that used for proprietary funds. The fiduciary funds used by the District account for student clubs and other organizations which exist with the explicit approval of, and are subject to revocation by, the District's Board of Education. The basic fiduciary fund financial statement can be found on page C7 of this report.

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

Overview of the Financial Statements (continued)

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. This information can be found in Sections E and F of this report.

Government-wide Financial Analysis:

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets exceed liabilities by \$16,757,819 at the close of the most recent fiscal year.

Park County School District RE-2 Summary of Net Position:

	Governmental Activities		Component Units		Total	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Assets:						
Current and other assets	\$ 8,930,177	8,279,340	1,772,648	1,691,891	10,702,825	9,971,231
Capital assets	30,908,524	31,824,625	155,157	123,552	31,063,681	31,948,177
Total Assets	39,838,701	40,103,965	1,927,805	1,815,443	41,766,506	41,919,408
Deferred outflows of resources:						
Pension related deferred outflow	3,962,160	1,948,378	-	465,980	3,962,160	2,414,358
Post-employment health benefits related deferred outflow	77,256	81,876	-	21,955	77,256	103,831
Total deferred outflows of resources	4,039,416	2,030,254	-	487,935	4,039,416	2,518,189
Liabilities:						
Other liabilities	1,772,158	1,565,149	183,911	185,091	1,956,069	1,750,240
Long-term liabilities	19,147,685	18,421,984	3,083,751	2,860,397	22,231,436	21,282,381
Total Liabilities	20,919,843	19,987,133	3,267,662	3,045,488	24,187,505	23,032,621
Deferred inflows of resources:						
Pension related deferred inflow	4,353,283	5,779,957	1,211,386	1,697,258	5,564,669	7,477,215
Post-employment health benefits related deferred inflow	124,654	82,386	43,690	27,123	168,344	109,509
Total deferred inflows of resources	4,477,937	5,862,343	1,255,076	1,724,381	5,733,013	7,586,724
Net position:						
Net invested in capital assets	22,022,055	22,112,931	155,157	123,552	22,177,212	22,236,483
Restricted	3,561,155	3,475,460	163,902	179,313	3,725,057	3,654,773
Unrestricted	(7,102,873)	(9,303,648)	(2,041,576)	(2,769,356)	(9,144,449)	(12,073,004)
Total net position	\$ 18,480,337	16,284,743	(1,722,517)	(2,466,491)	16,757,820	13,818,252

Government-wide Financial Analysis (continued):

The following is summary information reflecting the changes in District Net Position:

Park County School District RE-2 Changes in Net Position:

	Governmental Activities		Component Units		Total	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Revenues:						
<i>Program revenues:</i>						
Charges for services	\$ 9,159	50,158	64,116	24,057	73,275	74,215
Operating grants and contributions	1,875,161	1,571,091	382,310	617,784	2,257,471	2,188,875
Capital grants and contributions	22,314	47,636	20,265	23,464	42,579	71,100
<i>General revenues:</i>						
Property taxes	4,434,558	4,026,762	1,543,723	2,009,806	5,978,281	6,036,568
Specific ownership taxes	806,712	731,682	-	-	806,712	731,682
State equalization revenue	1,240,019	1,540,095	-	-	1,240,019	1,540,095
Investment earnings	7,421	87,974	1,792	14,266	9,213	102,240
Other	547,253	411,344	-	-	547,253	411,344
Total Revenues	8,942,597	8,466,742	2,012,206	2,689,377	10,954,803	11,156,119
Expenses:						
Direct instruction	3,999,240	4,513,573	643,332	934,719	4,642,572	5,448,292
Indirect instruction	174,510	262,389	548	656	175,058	263,045
Transportation	184,132	240,415	3,216	10,286	187,348	250,701
Custodial maintenance	878,785	1,119,090	175,052	287,376	1,053,837	1,406,466
Support services	388,193	384,849	106,057	50,195	494,250	435,044
General administration	614,140	940,620	274,603	275,896	888,743	1,216,516
Community service	1,227	1,705	41	243	1,268	1,948
Student activities	45,870	50,367	-	-	45,870	50,367
Interest	356,094	385,772	-	-	356,094	385,772
Food services	213,528	297,175	65,383	114,734	278,911	411,909
Total Expenses	6,855,719	8,195,955	1,268,232	1,674,105	8,123,951	9,870,060
Change in net position	2,086,878	270,787	743,974	1,015,272	2,830,852	1,286,059
Net position, July 1 (restated)	16,393,459	16,013,956	(2,466,491)	(3,481,763)	13,926,968	12,532,193
Net position - June 30	\$ 18,480,337	\$ 16,284,743	\$ (1,722,517)	\$ (2,466,491)	\$ 16,757,820	\$ 13,818,252

Financial Analysis of the District's Funds

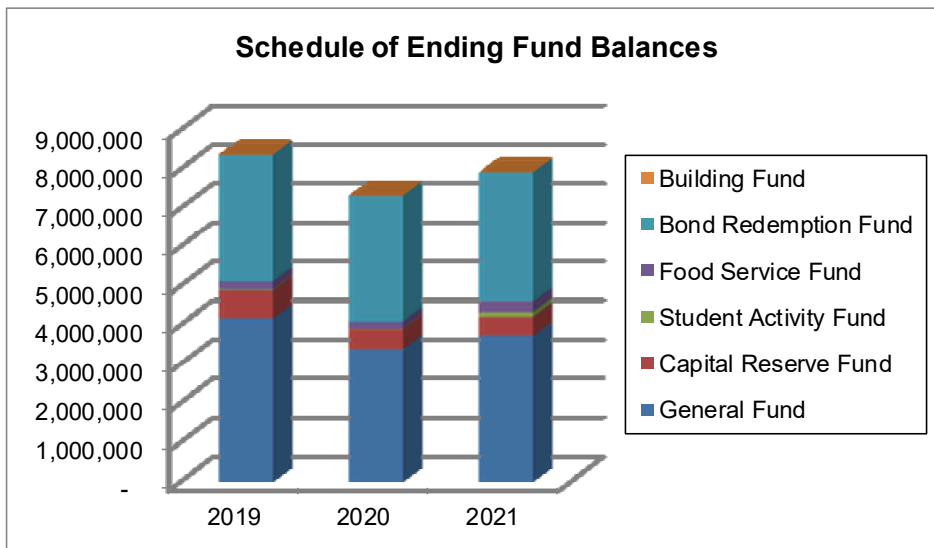
As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 \$7,896,039. The fund balances increased \$487,918 from the prior year ending fund balances.

Fund Balance Trending:

The following graph provides a view of the District's ending governmental fund balances for the last three fiscal years:



Financial Analysis of the District's Funds (continued)

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 versus actual revenues and expenditures in the General Fund. The District had a favorable comparison to the final budget by \$336,028. Excluding the budgeted contingency, the District had a favorable variance of \$162,028.

Capital Assets: The District's capital assets, net of accumulated depreciation, totaled \$30,908,524 as of June 30, 2021. The District capitalizes assets, including buildings and improvements, vehicles, and equipment with an original cost greater than \$5,000 and useful life of more than two years.

Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements in Section D.

Long-term Debt: As of the end of the current fiscal year, the District's long-term liabilities totaled \$20,004,687, and are comprised of bonds, net pension and OPEB liability, compensated absences and leases payable. This is a net change of \$757,478 from the prior year, primarily due to change in net pension liability.

Additional information, as well as a detailed classification of all of the District's total long-term liabilities, can be found in the Notes to the Financial Statements in Section D.

Economic Factors

The Public School Finance Act is the largest source of revenue for the District's operating funds. The School Finance Act calculates per-pupil funding by school district based upon a formula that takes in to 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

Next Year's Fund Balance: The District's General Fund balance at the end of fiscal year 2021 totaled \$3,704,132.

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 Park County School District RE-2, Business Service, P.O. Box 189, Fairplay, Colorado 80440.

Park County School District RE-2

Basic Financial Statements



PARK COUNTY SCHOOL DISTRICT RE-2
Statement of Net Position
June 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business- type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	7,168,635	-	7,168,635	1,772,513
Accounts, taxes, and interest receivable	526,324	-	526,324	135
Due from other governments	1,208,973	-	1,208,973	-
Prepaid expenses	24,979	-	24,979	-
Inventory	1,266	-	1,266	-
Total current assets	<u>8,930,177</u>	<u>-</u>	<u>8,930,177</u>	<u>1,772,648</u>
Capital assets:				
Land	-	-	-	-
Buildings and improvements	38,671,621	-	38,671,621	155,157
Equipment	285,841	-	285,841	-
Vehicles	1,049,538	-	1,049,538	-
Less: Accumulated depreciation	(9,098,476)	-	(9,098,476)	-
Total net capital assets	<u>30,908,524</u>	<u>-</u>	<u>30,908,524</u>	<u>155,157</u>
Total assets	<u>39,838,701</u>	<u>-</u>	<u>39,838,701</u>	<u>1,927,805</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Pension related deferred outflows	3,962,160	-	3,962,160	853,641
Post-employment health benefits related deferred outflow	77,256	-	77,256	18,774
Total deferred outflows of resources	<u>4,039,416</u>	<u>-</u>	<u>4,039,416</u>	<u>872,415</u>
LIABILITIES				
Current liabilities:				
Accounts, retainage, arbitrage & deposits payable	204,265	-	204,265	20,363
Accrued compensation	682,513	-	682,513	163,548
Current portion of long-term debt	857,002	-	857,002	-
Accrued interest	28,378	-	28,378	-
Total current liabilities	<u>1,772,158</u>	<u>-</u>	<u>1,772,158</u>	<u>183,911</u>
Noncurrent liabilities:				
Compensated absences	88,955	-	88,955	8,100
Long-term debt, net of current portion	8,029,467	-	8,029,467	20,000
Net pension liability	10,642,178	-	10,642,178	2,948,434
Post-employment health benefits (OPEB)	387,085	-	387,085	107,217
Total noncurrent liabilities	<u>19,147,685</u>	<u>-</u>	<u>19,147,685</u>	<u>3,083,751</u>
Total liabilities	<u>20,919,843</u>	<u>-</u>	<u>20,919,843</u>	<u>3,267,662</u>
DEFERRED INFLOWS OF RESOURCES:				
Pension related deferred inflows	4,353,283	-	4,353,283	1,211,386
Post-employment health benefits related deferred inflows	124,654	-	124,654	43,690
Total deferred inflows of resources	<u>4,477,937</u>	<u>-</u>	<u>4,477,937</u>	<u>1,255,076</u>
NET POSITION				
Net investment in capital assets	22,022,055	-	22,022,055	155,157
Restricted for:				
TABOR	240,500	-	240,500	60,402
Debt service	3,320,655	-	3,320,655	-
Capital reserve	-	-	-	103,500
Unrestricted	(7,102,873)	-	(7,102,873)	(2,041,577)
Total net position	<u>18,480,337</u>	<u>-</u>	<u>18,480,337</u>	<u>(1,722,518)</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Statement of Activities
For the Year Ended June 30, 2021

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	Business- type Activities	Total	Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions					Capital Grants and Contributions
Functions/Programs:								
Governmental Activities:								
Current:								
Direct instruction	3,999,240	-	1,235,841	22,314	(2,741,085)	-	(2,741,085)	-
Indirect instruction	174,510	-	-	-	(174,510)	-	(174,510)	-
Transportation	184,132	-	57,054	-	(127,078)	-	(127,078)	-
Custodial and maintenance	878,785	-	330,792	-	(547,993)	-	(547,993)	-
Support services	388,193	-	-	-	(388,193)	-	(388,193)	-
General administration	614,140	-	-	-	(614,140)	-	(614,140)	-
Community service	1,227	-	-	-	(1,227)	-	(1,227)	-
Student activities	45,870	-	-	-	(45,870)	-	(45,870)	-
Food service	213,528	9,159	251,474	-	47,105	-	47,105	-
Interest on long-term debt	356,094	-	-	-	(356,094)	-	(356,094)	-
Total governmental activities	6,855,719	9,159	1,875,161	22,314	(4,949,085)	-	(4,949,085)	-
Component Units:								
Guffey Charter School	264,896	-	106,723	3,480	-	-	-	(154,693)
Lake George Charter School	1,003,336	64,116	235,916	16,785	-	-	-	(686,519)
Total component units	1,268,232	64,116	342,639	20,265	-	-	-	(841,212)
General revenues:								
Property taxes, levied for general purposes					3,139,051	-	3,139,051	1,543,723
Property taxes, levied for debt					1,295,507	-	1,295,507	-
Specific ownership taxes					806,712	-	806,712	-
State equalization revenue					1,240,019	-	1,240,019	-
Grants and contributions not restricted to specific programs					547,253	-	547,253	39,671
Interest and investment earnings					7,421	-	7,421	1,792
Total general revenues, transfers, and special item					7,035,963	-	7,035,963	1,585,186
Change in net position					2,086,878	-	2,086,878	743,974
Net position, beginning (restated)					16,393,459	-	16,393,459	(2,466,492)
Net position, ending					18,480,337	-	18,480,337	(1,722,518)

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

PARK COUNTY SCHOOL DISTRICT RE-2
Balance Sheet
Governmental Funds
June 30, 2021

ASSETS	General Fund	Student Activity Fund	Food Service Fund	Bond Redemption Fund	Capital Reserve Capital Projects Fund	Total Governmental Funds
Assets:						
Cash and cash equivalents	3,509,525	121,287	125,183	3,068,496	344,144	7,168,635
Accounts, taxes, and interest receivable	573,913	-	43,216	72,950	-	690,079
Prepaid expenses	-	-	-	-	24,979	24,979
Inventories	-	-	1,266	-	-	1,266
Due from other governments	718,651	-	-	179,208	-	897,859
Due from other funds	-	-	99,865	-	180,615	280,480
Total assets	<u>4,802,089</u>	<u>121,287</u>	<u>269,530</u>	<u>3,320,654</u>	<u>549,738</u>	<u>9,063,298</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts and other current payables	134,964	-	-	-	69,302	204,266
Accrued compensation	682,513	-	-	-	-	682,513
Due to other funds	280,480	-	-	-	-	280,480
Total liabilities	<u>1,097,957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,302</u>	<u>1,167,259</u>
Fund balances:						
Non-spendable	-	-	1,266	-	24,979	26,245
Spendable:						
Restricted for emergencies	240,500	-	-	-	-	240,500
Restricted for debt service	-	-	-	3,320,654	-	3,320,654
Committed	-	121,287	268,264	-	-	389,551
Assigned for other purposes	-	-	-	-	455,457	455,457
Assigned for risk management	229,450	-	-	-	-	229,450
Unassigned:						
General Fund	3,234,182	-	-	-	-	3,234,182
Total fund balances	<u>3,704,132</u>	<u>121,287</u>	<u>269,530</u>	<u>3,320,654</u>	<u>480,436</u>	<u>7,896,039</u>
Total liabilities and fund balances	<u>4,802,089</u>	<u>121,287</u>	<u>269,530</u>	<u>3,320,654</u>	<u>549,738</u>	<u>9,063,298</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

Governmental Funds Total Fund Balance	7,896,039
Property taxes receivables collected 60 days after year-end are not available to pay for the current period's expenditures, and, therefore, are not reflected in the funds.	147,360
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	40,007,000
Accumulated depreciation is not recognized in the governmental funds because capital assets used in governmental activities are not financial resources.	(9,098,476)
Accrued interest payable on long-term liabilities is recognized when due and, therefore, is not reported in the funds.	(28,378)
Changes in pension related actuarial assumptions, proportion of collective pension amounts, differences between actual and expected experience and investment earnings, and differences between actual and annualized contributions to the pension plan are recorded as deferred inflows or outflows of resources and amortized over the average remaining service life of all active and inactive plan members.	
Unamortized post-employment health benefits related deferred outflows	77,256
Unamortized post-employment health benefits related deferred inflows	(124,654)
Unamortized Pension-related Deferred Outflows	3,962,160
Unamortized Pension-related Deferred Inflows	(4,353,283)
Long-term liabilities, including bonds payable, leases payable, compensated absences, and early retirement are not due and payable in the current period and, therefore, are not reported in the funds. The following liabilities are reported in the government-wide Statement of Net Position:	
Bonds payable	(8,839,254)
Leases payable	(47,215)
Compensated absences	(88,955)
Net pension liability	(10,642,178)
Post-employment health benefits liability	(387,085)
	18,480,337
Governmental Activities Net Position	18,480,337

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

PARK COUNTY SCHOOL DISTRICT RE-2
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Student Activity Fund	Food Service Fund	Bond Redemption Fund	Capital Reserve Fund	Building Fund	Total Governmental Funds
REVENUES							
Taxes:							
Property taxes	3,311,043	-	-	1,247,125	-	-	4,558,168
Specific ownership taxes	806,712	-	-	-	-	-	806,712
State intergovernmental revenue	2,031,722	-	1,734	-	-	-	2,033,456
Federal intergovernmental revenue	1,015,022	-	249,740	-	-	-	1,264,762
Investment income	5,080	-	209	1,704	428	-	7,421
Other	348,049	38,480	9,159	-	-	-	395,688
Total revenues	<u>7,517,628</u>	<u>38,480</u>	<u>260,842</u>	<u>1,248,829</u>	<u>428</u>	<u>-</u>	<u>9,066,207</u>
EXPENDITURES							
Direct instruction	4,101,963	-	-	-	-	-	4,101,963
Indirect instruction	261,644	-	-	-	-	-	261,644
Transportation	220,170	-	-	-	-	-	220,170
Custodial and maintenance	964,862	-	-	-	-	-	964,862
Support services	469,847	-	-	-	-	-	469,847
General administration	815,849	-	-	-	-	-	815,849
Community service	1,227	-	-	-	-	-	1,227
Food service	-	-	261,873	-	-	-	261,873
Student activities	-	45,870	-	-	-	-	45,870
Debt service:							
Principal	-	-	-	802,924	22,303	-	825,227
Interest	-	-	-	355,994	2,676	-	358,670
Other	-	-	-	4,217	-	-	4,217
Capital outlay	117,662	-	-	-	129,208	-	246,870
Total expenditures	<u>6,953,224</u>	<u>45,870</u>	<u>261,873</u>	<u>1,163,135</u>	<u>154,187</u>	<u>-</u>	<u>8,578,289</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>564,404</u>	<u>(7,390)</u>	<u>(1,031)</u>	<u>85,694</u>	<u>(153,759)</u>	<u>-</u>	<u>487,918</u>
OTHER FINANCING SOURCES (USES)							
Transfers in (out)	(228,376)	10,000	93,376	-	125,000	-	-
Total other financing sources (uses)	<u>(228,376)</u>	<u>10,000</u>	<u>93,376</u>	<u>-</u>	<u>125,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	336,028	2,610	92,345	85,694	(28,759)	-	487,918
FUND BALANCES, BEGINNING (RESTATE)	<u>3,368,104</u>	<u>118,677</u>	<u>177,185</u>	<u>3,234,960</u>	<u>509,195</u>	<u>-</u>	<u>7,408,121</u>
FUND BALANCES, ENDING	<u><u>3,704,132</u></u>	<u><u>121,287</u></u>	<u><u>269,530</u></u>	<u><u>3,320,654</u></u>	<u><u>480,436</u></u>	<u><u>-</u></u>	<u><u>7,896,039</u></u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Reconciliation of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
June 30, 2021

Governmental Funds Change in Fund Balances	487,918
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 expenditures in the governmental funds.	129,396
Retirement of principal outstanding on the District's debt, including capital leases, is a reduction of accumulated resources on the fund financial statements. The government-wide statements show these as reductions against long-term liabilities.	825,225
Deferred property tax revenue does not provide current financial resources and are deferred on the governmental fund financial statements but recognized on the government-wide financial statements. This is change in the deferred property tax recognized in the Statement of Activities.	(123,606)
Accrued compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in accrued compensated absences during the year.	(64,383)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due. In the Statement of Activities, however, interest is recognized as it accrues, regardless of when it is due. Deferred refunding costs and discounts on bonds are reported in governmental funds as other financing uses. However, in the Statement of Activities, these amounts are amortized and are included with interest expense. This amount represents the change in the interest accrual and the amortization of deferred refunding costs and bond discounts.	2,576
The District is paying off its obligation for early retirement to past employees. This represents the change in the liability for early retirement.	(7,537)
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.	(1,045,497)
Difference between employer contributions to pension plan and changes in pension liability and amortization of pension-related deferrals.	1,870,777
Changes in the District's net post-employment health benefits 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 post-employment health benefits obligation during the year, including differences between District contributions to the plan and amortization of post-employment health benefits related deferrals.	12,009
Governmental Activities Change in Net Position	2,086,878

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

PARK COUNTY SCHOOL DISTRICT RE-2
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2021

	<u>Scholarship Fund</u>
ASSETS	
Cash and cash equivalents	<u>5,195</u>
Total assets	<u><u>5,195</u></u>
LIABILITIES	
Due to student activities and other organizations	<u><u>5,195</u></u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Combining Statement of Net Position
Discretely Presented Component Units
June 30, 2021

	Guffey Charter School	Lake George Charter School	Total
Assets:			
Cash and cash equivalents	613,420	1,159,093	1,772,513
Accounts, taxes, and interest receivable	-	135	135
Capital assets	97,670	57,487	155,157
Total Assets	711,090	1,216,715	1,927,805
Deferred Outflows:			
Pension related deferred outflow	223,725	629,916	853,641
Post-employment health benefits related deferred outflow	2,687	16,087	18,774
Total Deferred Outflows	226,412	646,003	872,415
Current Liabilities			
Accounts payable and accrued expenses	1,724	18,639	20,363
Accrued compensation	47,574	115,974	163,548
Total Current Liabilities	49,298	134,613	183,911
Noncurrent Liabilities:			
Accrued compensated absences	8,100	-	8,100
Retirement payable, net of current portion	20,000	-	20,000
Net pension liability	631,981	2,316,453	2,948,434
Post-employment health benefits (OPEB)	22,972	84,245	107,217
Total Noncurrent Liabilities	683,053	2,400,698	3,083,751
Deferred Inflows:			
Pension related deferred inflows	296,642	914,744	1,211,386
Post-employment health benefits related deferred inflow	9,536	34,154	43,690
Total Deferred Inflows	306,178	948,898	1,255,076
Net Position:			
Invested in Capital Assets	97,670	57,487	155,157
Restricted for:			
TABOR	15,000	45,402	60,402
Capital reserve	-	103,500	103,500
Unrestricted	(213,697)	(1,827,880)	(2,041,577)
Total Net Position	(101,027)	(1,621,491)	(1,722,518)
Total liabilities and net position	937,502	1,862,718	2,800,220

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

PARK COUNTY SCHOOL DISTRICT RE-2
Combining Statement of Activities
Discretely Presented Component Units
June 30, 2021

	Guffey Charter School	Lake George Charter School	Total
REVENUES			
Property taxes, levied for general purposes	347,494	1,196,229	1,543,723
Grants and contributions not restricted to specific programs	10,546	29,125	39,671
Charges for services	-	64,116	64,116
Operating grants	106,723	235,916	342,639
Capital grants	3,480	16,785	20,265
Interest and investment earnings	683	1,109	1,792
Total revenues	<u>468,926</u>	<u>1,543,280</u>	<u>2,012,206</u>
EXPENDITURES			
Current:			
Direct instruction	115,774	527,558	643,332
Indirect instruction	548	-	548
General administration	114,379	160,224	274,603
Support services	136	105,921	106,057
Custodial and maintenance	24,165	150,887	175,052
Transportation	1,901	1,315	3,216
Community services	41	-	41
Student Activities	-	-	-
Food service	7,952	57,431	65,383
Capital outlay	-	-	-
Total expenditures	<u>264,896</u>	<u>1,003,336</u>	<u>1,268,232</u>
CHANGE IN NET POSITION	204,030	539,944	743,974
NET POSITION, BEGINNING	<u>(305,057)</u>	<u>(2,161,435)</u>	<u>(2,466,492)</u>
NET POSITION, ENDING	<u><u>(101,027)</u></u>	<u><u>(1,621,491)</u></u>	<u><u>(1,722,518)</u></u>

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

Park County School District RE-2

Notes to the Financial Statements



Park County School District RE-2
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.

Park County School District RE-2
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.

Park County School District RE-2
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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021

I. Summary of Significant Accounting Policies

The Park County School District RE-2 (the "District") is located within Park County, Colorado. The District provides services to approximately 598 students. This includes students at the District's two charter schools, Guffey Charter School and Lake George Charter School. The District's mission is to *"strive to provide a safe environment, meaningful opportunities and innovative educational programs for all students so that they reach their learning potential, including that they meet or exceed state and District content standards, through partnership between home, school and the community"*. The District operates the following schools:

Elementary Schools

Edith Teter Elementary School
Guffey Charter School
Lake George Charter School

Middle Schools

South Park Middle School

High School

South Park High

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP and 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 and its component units, entities for which the District is considered to be financially accountable.

Component Units - Charter Schools

On June 3, 1993, the Colorado State Legislature passed a statute, known as the Charter School Act (the "Act"), allowing the creation of public, non-sectarian, non-religious, non-home-based schools to operate within a public school district. The schools, known as charter schools, allow for groups of parents, teachers, and community members to operate a school in a semi-autonomous environment. Under the Act, charter schools operate according to an approved charter application that serves as a contract between the charter school and the District's Board.

In 1995 the District approved a charter application through a resolution, allowing for the creation of the Lake George / Guffey Charter School. The charter contract was later amended to separate the schools into the Lake George Charter School and the Guffey Charter School.

Lake George and Guffey Charter Schools are included in the District's reporting entity because of the nature and significance of their operational and financial relationships with the District. Both schools have been consolidated and are discretely presented component units to the District.

Individual financial statements can be obtained from: Guffey Community Charter School, 1459 Main St., Guffey CO 80820 and Lake George Charter School, P.O. Box 420, Lake George, CO 80827.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. District-wide and Fund Financial Statements

The District's basic financial statements include both District-wide (financial activities of the overall District and its component units, except for fiduciary activities) and fund financial statements (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.

1. District-wide Financial Statements

In the District-wide Statement of Net Position, the governmental activities and component unit 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 the gross and net cost of the District's functions. The functions are also supported by general governmental 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.

The *Insurance Reserve Fund* accounts for insurance programs maintained by the District. This fund has been consolidated and reported within the District's General Fund.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements (continued)

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 *Student Activity Fund* accounts for the revenues and expenditures of funds used in student sports, clubs, and extracurricular activities. The primary source of funding is fees related to participation in the particular revenue.

The *Food Service Fund* accounts for the activities of the District's school lunch programs.

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 *Capital Reserve Fund* accounts for acquisitions of capital items.

The *Bond Redemption Fund* accounts for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

The District reports the following fiduciary funds:

The *Scholarship Fund* accounts for assets held by the District as an agent for student scholarships.

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

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.

Park County School District RE-2
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)

1. Long-term Economic Focus and Accrual Basis

Governmental in the government-wide financial statements 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.

2. Current Financial Focus and Modified Accrual Basis

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

3. Financial Statement Presentation

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

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

2. Investments (continued)

The District's investment policy permits investments in the following type of obligations which corresponds with state statutes:

- 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)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

3. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

4. Property Taxes

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

5. Inventories

Inventories recorded in the *Food Services Fund* consist of purchased and donated commodities. Purchased inventories are valued at cost, while 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 using the first-in, first-out method.

6. Interfund Receivables and Payables

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

7. Pensions

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

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

8. 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 (FNP) and additions to/deductions from the FNP 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.

9. Deferred Outflows and Inflows of Resources

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

9. Deferred Outflows and Inflows of Resources (continued)

Deferred inflows of resources represent an acquisition of net position that apply 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. Deferred revenue reported in the governmental balance sheet is deferred and recognized as an inflow of resources in the period that the amounts become available. Collective deferred inflows related to the District's net pension obligation and other post-employment benefits obligations are reported on the Statement of Net Position and are amortized over the average service lives of participants. See Note IV (G) below for discussion on pension related deferred outflows and inflows.

10. Capital Assets

Capital assets, which include buildings and improvements, equipment, and vehicles, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements and in the proprietary fund financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed in the business-type activities and proprietary fund financial statements.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	15 - 40
Equipment	3 - 7
Vehicles	3 - 10

11. Compensated Absences and Early Retirement

Earned but unused sick and personal leave and early retirement benefits are accrued when incurred in the government-wide financial statements.

12. Interfund Transactions

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

13. 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 the 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 with 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 balances classifications refer to Note IV.H.

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. Restricted and Unrestricted Resources

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

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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Stewardship, Compliance, and Accountability

A. 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.
- 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.

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

<u>Fund</u>	<u>Original Appropriation</u>	<u>Final Appropriation</u>	<u>Change</u>
General Fund	\$ 7,264,566	7,261,805	\$ (2,761)

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment

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

Except for refinancing 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. The reserve is calculated at 3% of fiscal year spending. The District has reserved \$240,500 of its June 30, 2021 year-end General Fund balance for emergencies as required under TABOR.

On November 3, 1998, the District's electorate approved to: *"allow the District to collect, keep, and expend revenue from any sources received without regard to any spending, revenue raising, or other limitation on Article X, Section 20 of the Colorado constitution or other laws of the State."*

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

C. Mill Levy Override

In 2004 the District's electorate approved *an additional mill levy to increase property taxes by \$207,000 annually for the following purposes:*

- *Maintaining optimal teacher / pupil ratios*
- *Developing and improving curricula*
- *Attracting, training and retaining quality staff*

On November 2, 2021, the District's electorate approved to: *"increase taxes up to \$1.07 million annually, beginning in tax year 2021 for collection in 2022, and by whatever amounts may be collected each year thereafter, from a mill levy increase not to exceed 2.75 mills, to be used for the following educational purposes:*

- *Offer a vocational /technical trade program;*
- *Offer educational opportunities for our students that will increase graduation rates and allow students to be better prepared for individual paths after graduation;*
- *Attract and retain quality teachers;*
- *Attract and retain quality staff in all departments, such as transportation, food service, and maintenance;*
- *Increase mental health support availability for all students and staff;*
- *Improve technology availability;*

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

C. Mill Levy Override (continued)

- *Increase educational opportunities for students through advanced placement classes, enhancement of band programming, and additional extracurricular offerings, such as drama and debate;*
- *Strengthen athletic programming;*
- *Increase bus safety through up-to-date technology equipment and purchases new buses; and,*
- *Improve all programming for Lake George and Guffey Charter Schools.*

Such tax to be an additional property tax mill levy override, pursuant to and in accordance with Section 22-54-108, C.R.S., as it currently exists or may be amended, in excess of the levy authorized for the District's general fund; and the revenues received from such increased mill levy, and any earnings from the investment of such revenues, will be received, invested, and spent by the District in any year without regard to any spending, revenue-raising, or other limitation imposed by, or contained in, Article X, Section 20 of the Colorado Constitution or other applicable law, such amounts to constitute a voter approved waiver of such limitations.

This revenue is shown on the financial statements as property tax revenue.

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 for accounts over \$250,000 are collateralized as required by PDPA. The carrying amount of the District's demand deposits was \$4,639,589 at year end.

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.

At June 30, 2021, the District had the following investments:

<u>Investments Measured at Net Asset Value</u>	<u>Total</u>
Colotrust	\$ 2,534,241

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

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

<u>Type:</u>	<u>Rating</u>	<u>Carrying Amount</u>	<u>Maturities</u>	
			<u>Less Than One Year</u>	<u>One to Five Years</u>
<i>Deposits:</i>				
Checking Accounts		\$ 3,600,421	3,600,421	-
Savings Accounts		1,039,168	1,039,168	-
<i>Investments:</i>				
Investment Pool	AAAm	2,534,241	2,534,241	-
		<u>\$ 7,173,830</u>	<u>7,173,830</u>	<u>-</u>

At June 30, 2021, the District was invested in the Colorado Government Liquid Asset Trust ("COLOTRUST"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating COLOTRUST. The pool operates in conformity with the Securities and Exchange Commission's Rule 2a-7 with each share equal in value to \$1.00.

Investments of COLOTRUST are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

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

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

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables

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

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Bond Redemption Fund</u>	<u>Total Governmental Funds</u>
Receivables:				
Taxes	\$ 262,799	-	72,951	335,750
Accounts	-	43,216	-	43,216
Other	135	-	-	135
Intergovernmental	<u>1,029,765</u>	<u>-</u>	<u>179,208</u>	<u>1,208,973</u>
Gross receivables	1,292,699	43,216	252,159	1,588,074
Less: allowance for uncollectible	-	-	-	-
Net Receivables	<u>\$ 1,292,699</u>	<u>43,216</u>	<u>252,159</u>	<u>1,588,074</u>

Governmental funds report property tax receivable for property taxes levied in fiscal year 2021 but not available until 2022.

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 176,747	87,934	(264,681)	-
Total capital assets, not being depreciated	<u>176,747</u>	<u>87,934</u>	<u>(264,681)</u>	<u>-</u>
Capital assets, being depreciated:				
Buildings and improvements	38,406,940	264,681	-	38,671,621
Vehicles	1,008,076	41,462	-	1,049,538
Equipment	285,841	-	-	285,841
Total capital assets being depreciated	<u>39,700,857</u>	<u>306,143</u>	<u>-</u>	<u>40,007,000</u>
Total capital assets - Cost	<u>39,877,604</u>	<u>394,077</u>	<u>(264,681)</u>	<u>40,007,000</u>
Less: accumulated depreciation for:				
Buildings and improvements	(6,903,809)	(978,862)	-	(7,882,671)
Vehicles	(928,835)	(36,426)	-	(965,261)
Equipment	(220,335)	(30,209)	-	(250,544)
Total accumulated depreciation	<u>(8,052,979)</u>	<u>(1,045,497)</u>	<u>-</u>	<u>(9,098,476)</u>
Governmental activities capital assets, net	<u>\$ 31,824,625</u>	<u>(651,420)</u>	<u>(264,681)</u>	<u>30,908,524</u>

The District had \$1,092,936 of fully depreciated capital assets still in service at June 30, 2021.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

The District had the following capital outlay and depreciation expense for the following functions and business-type activities:

	Capital Outlay	Depreciation Expense
Governmental activities:		
Direct instruction	\$ 87,934	997,434
Transportation	41,462	31,266
Custodial and maintenance	-	5,160
General administration	-	10,257
Food Service	-	1,380
Total governmental activities	\$ 129,396	1,045,497

D. Interfund Receivables, Payables, and Transfers

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Transfers for fiscal year 2021 were as follows:

	Transfer In	Transfer (out)	Reason
General Fund	\$ -	(228,376)	To fund operations in other funds
Student Activity Fund	10,000	-	Additional funding
Capital Reserve Fund	125,000	-	Additional funding
Food Service Fund	93,376	-	Transfer of food service salaries
	\$ 228,376	(228,376)	

E. Operating Leases

The District is committed under various leases for office equipment. These leases are considered, for accounting purposes, to be operating leases, and therefore, the liability and the related assets have not been recorded in these financial statements. All operating leases are annually appropriable.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt

1. General Obligation Bonds, Series 2010

On November 3rd, 2009 the District's electorate approved an increase in District General Obligation Debt of \$16,000,000 with a commensurate increase in property taxes of \$1,470,000 annually for the replacement of the District's Elementary School, Middle School, High School, and Lake George Charter building along with various other District facilities. Approval was contingent upon an award of a Building Excellent Schools Today ("BEST") grant by the Colorado Department of Education. As a result of the ballot question being approved, the following transactions occurred:

- i. On February 24, 2010 approved a resolution authorizing the District to enter into a "site lease" whereby the District's school property was leased to Zion's First National Bank solely in its capacity as Trustee. The Term expires on March 16, 2050 or completion of several other events. The Site Lease does not require any ongoing rent payments.
- ii. On March 16, 2010 the District issued a General Obligation Bond, Series 2010 for \$15,060,382. The proceeds were provided to the State of Colorado and matched with grant proceeds of \$15,060,382 for construction of school facilities on the "site lease" (see Note V.G.1, below). The bond includes payments on June 1st and March 1st totaling \$1,102,881 annually. The final maturity date for the bond shall be December 1, 2029. The bond carries an interest rate of 3.84% and is subject to optional redemption in whole on June 1, 2021 with a redemption premium of 3%.
- iii. On March 16, 2010, Zion's Bank in its capacity as Trustee signed an agreement to lease to the State of Colorado the site property along with any improvements on the property.
- iv. On March 16, 2010, the District entered into a sublease with the State of Colorado for the site property. The sublease requires the District to provide the proceeds of its General Obligation Bond, Series 2010 as base rent. The agreement also requires the District to complete construction of the District's buildings in accordance with agreed upon specifications. The construction is paid from State funds including the District's General Obligation Bond Series 2010.

On December 16, 2010 the Lake George Charter School participated in the BEST Program as detailed in the previous note. As a result, the Series 2010D-F Bonds were issued for \$939,550. The bonds carry a coupon interest rate of 4.082% and require annual principal payments on December 1 and semiannual interest payments on June 1 and December 1. The bonds mature on December 1, 2030.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

2. 2015 Capital Lease Agreement

The District entered into a lease purchase agreement in 2015 for the purpose of acquiring a school bus. The original amount of the lease was \$127,425 at an interest rate of 2.97%. The lease requires annual payments of \$27,544. The lease is subject to the District's annual appropriation of funds to pay the annual lease payments and terminated when the last payment was made on July 15, 2019.

3. 2019 Capital Lease Agreement

The District entered into a lease purchase agreement in 2019 for the purpose of acquiring a school bus. The original amount of the lease was \$114,870 at an interest rate of 3.85%. The lease requires annual payments of \$24,979. The lease is subject to the District's annual appropriation of funds to pay the annual lease payments and terminates when the last payment is made on July 15, 2022.

The net book value of the assets acquired through a capital lease at June 30, 2021 is as follows:

Cost	\$ 242,295
Less: accumulated depreciation	<u>(196,347)</u>
Net book value	<u>\$ 45,948</u>

4. Schedule of Future Debt Payments

The District's future annual debt service requirements are as follows:

<u>Fiscal Year Ending:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 857,002	326,300	1,183,302
2023	890,001	292,482	1,182,483
2024	899,292	257,769	1,157,061
2025	933,921	222,473	1,156,394
2026	969,884	185,818	1,155,702
2027-2031	4,336,369	347,658	4,684,027
Totals	<u>\$ 8,886,469</u>	<u>1,632,500</u>	<u>10,518,969</u>

5. Compensated Absences and Early Retirement

The District has a policy for the accumulation of sick and personal leave payouts. This policy is subject to certain limits, which are established by the Board, and are based on the employee's length of service with the District.

After the completion of twenty-four years of full-time service (but prior to twenty-seven years), twenty years of which must be consecutive, employees are eligible to retire and receive 125% of their highest annual salary over the five-year period subsequent to retirement.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

5. Compensated Absences and Early Retirement (continued)

The estimated liability for compensated absences and early retirement for all employees is recorded in governmental activities in the Statement of Net Position. These liabilities for governmental activities are generally liquidated by the General Fund.

6. Changes in Long-term Debt

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

Governmental Activities:	Balance July 1, 2020	Additions	(Reductions)	Balance June 30, 2021	Due in one Year
General obligation bonds	\$ 9,642,177	-	(802,923)	8,839,254	833,840
Capital leases	69,517	-	(22,302)	47,215	23,162
Compensated absences	17,035	71,920	-	88,955	-
Net pension liability	9,072,498	1,569,680	-	10,642,178	-
Net OPEB Liability	445,982	-	(58,897)	387,085	-
Total	19,247,209	1,641,600	(884,122)	20,004,687	857,002

7. Defeased Debt

At various dates in prior years, the District placed proceeds from refunding bond issues and District cash contributions in irrevocable refunding escrow accounts. These monies, which are invested in U.S. Treasury obligations, together with interest earned thereon, are considered sufficient for payment of all principal and interest on refunded bonds on each remaining payment date. The likelihood of the earnings and principal maturities of the U.S. Treasury obligations not being sufficient to pay the refunded bond issue appears remote. Accordingly, the escrow account and refunded bond are not included in the District's financial statements. The District has not calculated the amount of defeased debt at June 30, 2021.

8. Trust Agreement

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

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

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

- Highest average salary multiplied by 2.5 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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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 June 30, 2021: Eligible employees of the District, and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.00 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 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 specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	19.88%

IV. Detailed Notes on All Funds (continued)

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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 District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$740,624 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 District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

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

At June 30, 2021, the District reported a liability of \$10,642,178 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$10,642,178
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	-
Total	\$10,642,178

At December 31, 2020, the District's proportion was 0.0704%, which was an increase of 0.0097% from its proportion measured as of December 31, 2019.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

For the year ended June 30, 2021, the District recognized pension revenue of \$1,870,777 and revenue of \$- for support from the State as a nonemployer contributing entity. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	584,734	-
Changes of assumptions or other inputs	1,023,744	1,788,860
Net difference between projected and actual earnings on pension plan investments	-	2,342,586
Changes in proportionate share of contributions	2,006,501	221,837
Contributions subsequent to the measurement date	347,181	-
Total	\$ 3,962,160	\$ 4,353,283

\$347,181 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	(1,132,800)
2023	920,018
2024	(155,963)
2025	(369,559)
	\$ (738,304)

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

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

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

Post-retirement non-disabled mortality assumptions 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 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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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.

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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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 ¹	6.00%	4.70%
Total	100.00%	

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

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

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

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

- 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%)
Collective net pension liability	\$ 20,622,167,000	\$ 15,117,983,000	\$ 10,531,184,000
Proportionate share of net pension liability	\$ 14,516,802	\$ 10,642,178	\$ 7,413,339

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

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

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

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

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 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 maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$38,980 for the year ended June 30, 2021.

At June 30, 2021, the District reported a liability of \$387,085 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The District proportion of the net OPEB liability was based on the District contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

At December 31, 2020, the District proportion was 0.0407%, which was an increase of 0.0011% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized OPEB revenue of \$12,009. 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	1,027	85,101
Change of assumptions or other inputs	2,892	23,736
Net difference between projected and actual earnings on plan investments	-	15,817
Changes in proportionate share of contributions	55,524	-
Contributions subsequent to measurement date	17,813	-
	<u>77,256</u>	<u>124,654</u>

\$17,813 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 expense as follows:

Year Ended June 30,	Amortization
2022	(13,002)
2023	(10,563)
2024	(16,207)
2025	(17,470)
2026	(7,477)
2027	(492)
	<u>(65,211)</u>

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

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

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

Medicare Plan	Initial Costs for Members without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured 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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, 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%

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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.

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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, 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.

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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

- **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:

- 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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

- Price inflation assumption decreased from 2.40 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:

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

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

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
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	377,081	387,085	398,731

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.
- 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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Collective Net OPEB Liability	925,665,000	950,225,000	978,816,000
Proportionate Share of Net OPEB Liability	377,081	387,085	398,732

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

I. Fund Balance Disclosure

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. At June 30, 2021, the District reported \$240,500 of restricted equity for emergencies as required by TABOR and \$3,320,654 has been restricted for the payment of general obligation debt.

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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

I. Fund Balance Disclosure (continued)

Spendable Fund Balance (continued):

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 above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents 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.

V. Other Information

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

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

B. 403(b) Defined Contribution Pension Plan

Plan Description. The District offers participation in an independent 403(b) retirement savings plan. All employees are eligible except student teachers. Contribution limits are set by the IRS. The District contracts with AXA Equitable Life Insurance Company as Plan Administrator. The District makes minimal contributions to the plan for a limited segment of grandfathered employees.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Other Information (continued)

C. Contingencies

1. General 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 Programs

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

3. State Programs

The District receives payment for State equalization, State transportation and various other State revenues to fund programs. These grants and programs are subject to audit and may result in the District either refunding amounts due for overpayment or receiving additional revenue for underpayment by the State. Management does not feel that any potential adjustments would be material and that they would affect the fairness of presentation of the financial statements at June 30, 2021.

D. Jointly Governed Organization - BOCES

The District, together with nine other school districts, participates in 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. Administrative costs are borne equally by the districts. Services by BOCES are charged to each district based upon individual needs and the student population.

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

V. Other Information (continued)

D. Jointly Governed Organization – BOCES (continued)

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>\$ (2,750,243)</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>\$ (2,750,243)</u>

For the years ended June 30, 2021 and 2020, the District made operating contributions of \$85,712 and \$75,301, respectively, to BOCES.

E. Risk Management

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

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

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

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2021
(Continued)

V. Other Information (continued)

F. Colorado Department of Education Financing – Interest Free Loan Program

The Colorado Department of Education allows school districts to borrow funds up to the next year's estimated property tax collections for the specific district to cover operating expenditures. The program was established to assist districts who receive the majority of their program funding through local property taxes. Most property tax revenues are not received by school districts until the last four months of the fiscal year resulting in a cash flow deficit. The loans are repaid to the State as property taxes are collected.

In the fiscal year 2021, the District did not obtain any financing from the State of Colorado in order to meet the District's obligations.

G. 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 some of its pupil activities in the Pupil Activity Agency Fund, a fiduciary fund. After implementation of GASB 84, the District has restated the Pupil Activity Agency Fund as a special revenue fund, combined with activities already included in the special revenue fund. Accordingly, the special revenue fund reports a restated beginning fund balance of \$ 118,677, which includes a restatement of \$108,719, equal to the restatement of net current assets and current liabilities previous 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.

Park County School District RE-2
Required Supplementary Information



Park County School District RE-2
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For the Year Ended June 30, 2020)

	2021			Final Budget Variance Positive (Negative)	2020
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
REVENUES					
Taxes:					
Property taxes	5,497,010	3,113,984	3,311,043	197,059	2,517,088
Specific ownership taxes	706,000	706,000	806,712	100,712	731,682
State intergovernmental revenue	1,538,353	1,768,231	2,031,722	263,491	2,442,407
Federal intergovernmental revenue	534,956	733,708	1,015,022	281,314	823,756
Investment income	80,500	80,500	5,080	(75,420)	45,953
Other	1,118,772	859,382	348,049	(511,333)	186,100
Total revenues	<u>9,475,591</u>	<u>7,261,805</u>	<u>7,517,628</u>	<u>255,823</u>	<u>6,746,986</u>
EXPENDITURES					
Direct instruction	3,901,919	4,122,763	4,101,963	20,800	4,253,235
Indirect instruction	262,929	249,074	261,644	(12,570)	311,625
Transportation	249,248	235,048	220,170	14,878	255,862
Custodial and maintenance	905,792	902,392	964,862	(62,470)	1,049,719
Support services	602,436	602,436	469,847	132,589	430,921
General administration	719,492	701,242	815,849	(114,607)	1,094,818
Community service	1,250	1,250	1,227	23	1,605
Capital outlay	-	163,100	117,662	45,438	4,326
Contingency	414,000	174,000	-	174,000	-
Total expenditures	<u>7,057,066</u>	<u>7,151,305</u>	<u>6,953,224</u>	<u>198,081</u>	<u>7,402,111</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,418,525</u>	<u>110,500</u>	<u>564,404</u>	<u>453,904</u>	<u>(655,125)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(207,500)	(110,500)	(228,376)	(117,876)	(125,599)
Total other financing sources (uses)	<u>(207,500)</u>	<u>(110,500)</u>	<u>(228,376)</u>	<u>(117,876)</u>	<u>(125,599)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>2,211,025</u>	<u>-</u>	<u>336,028</u>	<u>336,028</u>	<u>(780,724)</u>
Reconciliation to GAAP Basis:					
Pension direct distribution - Special funding			-		87,157
Pension expense - Special funding			-		(87,157)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses) - GAAP Basis			<u>336,028</u>		<u>(780,724)</u>
NET CHANGE IN FUND BALANCES	<u>2,211,025</u>	<u>-</u>	<u>336,028</u>	<u>336,028</u>	<u>(780,724)</u>
FUNDS BALANCES, BEGINNING			<u>3,368,104</u>		<u>4,148,828</u>
FUND BALANCES, ENDING			<u>3,704,132</u>		<u>3,368,104</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
Student Activity Fund
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For the Year Ended June 30, 2020)

	2021		Final Budget Variance Positive (Negative)	2020
	Original and Final Budget	Actual Amounts		Actual Amounts
REVENUES				
Interest income	30	-	(30)	18
Other	39,970	38,480	(1,490)	29,777
Total revenues	<u>40,000</u>	<u>38,480</u>	<u>(1,520)</u>	<u>29,795</u>
EXPENDITURES				
Current:				
Student activities	50,500	45,870	4,630	50,367
Total expenditures	<u>50,500</u>	<u>45,870</u>	<u>4,630</u>	<u>50,367</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(10,500)</u>	<u>(7,390)</u>	<u>3,110</u>	<u>(20,572)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	10,000	10,000	-	12,000
Total other financing sources (uses)	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>12,000</u>
NET CHANGE IN FUND BALANCES	<u>(500)</u>	2,610	<u>3,110</u>	(8,572)
FUND BALANCES, BEGINNING (RESTATEd)		<u>118,677</u>		<u>18,530</u>
FUND BALANCES, ENDING		<u>121,287</u>		<u>9,958</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures and Changes in Net
Position - Budget and Actual (GAAP Basis)
Food Service Fund
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For the Year Ended June 30, 2020)

	<u>2021</u>		Final Budget Variance Positive (Negative)	<u>2020</u>
	Original and Final Budget	Actual Amounts		Actual Amounts
REVENUES				
Food and Ala carte sales	145,000	9,192	(135,808)	50,158
Federal aid:				
Federal government meal reimbursement	-	243,669	243,669	85,985
USDA Commodity contribution	70,000	6,071	(63,929)	15,179
State reimbursement	6,000	1,734	(4,266)	8,993
Transfers in	60,000	93,376	33,376	108,468
Interest income	75	209	134	103
Capital contributions	4,025	(33)	(4,058)	-
Total revenues	<u>285,100</u>	<u>354,218</u>	<u>69,118</u>	<u>268,886</u>
EXPENDITURES				
Salaries and employee benefits	136,810	155,814	(19,004)	161,428
Purchased services	2,500	992	1,508	933
Supplies	14,600	14,282	318	13,700
Food costs:				
Purchased food	105,000	79,359	25,641	89,021
Donated commodities	5,000	6,071	(1,071)	15,179
Property	31,000	5,355	25,645	16,377
Contingency	70,190	-	70,190	-
Total expenditures	<u>365,100</u>	<u>261,873</u>	<u>103,227</u>	<u>296,638</u>
CHANGE IN NET POSITION	<u>(80,000)</u>	92,345	<u>172,345</u>	(27,752)
NET POSITION, BEGINNING		<u>177,185</u>		<u>204,937</u>
NET POSITION, ENDING		<u>269,530</u>		<u>177,185</u>

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

Park County School District RE-2
Schedule of District's Proportionate Share of the Net Pension Liability
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0704%	0.0607%	0.0562%	0.0616%	0.0594%	0.0600%	0.6250%	0.0665%
District's proportionate share of the net pension liability	10,642,178	9,072,497	9,952,674	19,910,452	17,696,463	9,180,472	8,466,029	8,481,733
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	-	1,021,204	1,197,191	-	-	-	-	-
Total proportionate share of the net pension liability associated with the District	<u>\$ 10,642,178</u>	<u>\$ 10,093,701</u>	<u>\$ 11,149,865</u>	<u>\$ 19,910,452</u>	<u>\$ 17,696,463</u>	<u>\$ 9,180,472</u>	<u>\$ 8,466,029</u>	<u>\$ 8,481,733</u>
District's covered payroll	\$ 3,767,061	\$ 3,567,695	\$ 3,260,484	\$ 2,994,620	\$ 2,690,063	\$ 2,628,535	\$ 2,627,718	\$ 2,619,679
District's proportionate share of the net pension liability as a percentage of its covered payroll	282.5%	254.3%	305.3%	664.9%	657.8%	349.26%	322.18%	323.77%
Plan fiduciary net position as a percentage of the total pension liability	66.99%	64.52%	57.01%	43.96%	43.13%	59.16%	62.84%	64.07%

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

Park County School District RE-2
Schedule of District Contributions
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 704,593	\$ 740,624	\$ 591,121	\$ 529,144	\$ 483,637	\$ 453,335	\$ 429,942	\$ 416,316
Contributions in relation to the contractually required contribution	<u>\$ (704,593)</u>	<u>\$ (740,624)</u>	<u>\$ (591,121)</u>	<u>\$ (529,144)</u>	<u>\$ (483,637)</u>	<u>\$ (453,335)</u>	<u>\$ (429,942)</u>	<u>\$ (416,316)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,544,225	\$ 3,821,650	\$ 3,090,022	\$ 2,838,546	\$ 2,667,604	\$ 2,615,896	\$ 2,616,811	\$ 2,680,727
Contributions as a percentage of covered payroll	19.88%	19.38%	19.13%	18.64%	18.13%	17.33%	16.43%	15.53%

* Information is only available beginning in fiscal year 2014.

Park County School District RE-2
Schedule of District's Proportionate Share of the Net OPEB Liability
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.0407%	0.0397%	0.0365%	0.0350%	0.0338%
District's proportionate share of the net OPEB liability	387,085	445,982	497,083	454,393	438,024
District's covered payroll	3,767,061	3,567,695	3,260,484	2,994,620	2,690,063
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	10.3%	12.5%	15.2%	15.2%	16.3%
Plan fiduciary net position as a percentage of the total OPEB liability	32.78%	24.49%	17.03%	17.53%	16.72%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within fiscal year. Information is only available beginning in fiscal year 2017.

The accompanying notes to RSI are an integral part of these statements.

Park County School District RE-2
Schedule of District OPEB Contributions
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	36,151	38,980	31,518	28,953	27,209
Contributions in relation to the contractually required contribution	<u>(36,151)</u>	<u>(38,980)</u>	<u>(31,518)</u>	<u>(28,953)</u>	<u>(27,209)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	3,544,225	3,821,650	3,090,022	2,838,546	2,667,604
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%

* Information is only available beginning in fiscal year 2017.

The accompanying notes to RSI are an integral part of these statements.

Park County School District RE-2

Supplementary Information



PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
Bond Redemption Fund
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For the Year Ended June 30, 2020)

	2021		2020	
	Original and Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	Actual Amounts
REVENUES				
Taxes:				
Property taxes	1,005,000	1,247,125	242,125	1,155,626
Interest income	-	1,704	1,704	38,138
Other revenue	-	-	-	46
Total revenues	<u>1,005,000</u>	<u>1,248,829</u>	<u>243,829</u>	<u>1,193,810</u>
EXPENDITURES				
Debt service:				
Principal	803,100	802,924	176	773,152
Interest	356,600	355,994	606	386,339
Fiscal charges	6,000	4,217	1,783	5,052
Contingency	2,339,300	-	2,339,300	-
Total expenditures	<u>3,505,000</u>	<u>1,163,135</u>	<u>2,341,865</u>	<u>1,164,543</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,500,000)</u>	<u>85,694</u>	<u>2,585,694</u>	<u>29,267</u>
OTHER FINANCING SOURCES				
Transfers in (out)	-	-	-	(47,869)
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,869)</u>
NET CHANGE IN FUND BALANCES	<u>(2,500,000)</u>	<u>85,694</u>	<u>2,585,694</u>	<u>(18,602)</u>
FUND BALANCES, BEGINNING		<u>3,234,960</u>		<u>3,253,562</u>
FUND BALANCES, ENDING		<u><u>3,320,654</u></u>		<u><u>3,234,960</u></u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
Capital Reserve Fund
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For the Year Ended June 30, 2020)

	2021			2020
	Original and Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	Actual Amounts
REVENUES				
Other local income	40	428	388	23,309
Total revenues	<u>40</u>	<u>428</u>	<u>388</u>	<u>23,309</u>
EXPENDITURES				
Land Improvements	1,800	96,602	(94,802)	144,161
Equipment	27,500	33,051	(5,551)	29,254
Furniture and fixtures	5,000	-	5,000	3,297
Technology equipment	85,800	-	85,800	58,290
Other equipment and services	5,000	(445)	5,445	897
Principal retirement	79,000	22,303	56,697	48,220
Interest and fiscal charges	-	2,676	(2,676)	4,303
Contingency	39,000	-	39,000	-
Total expenditures	<u>243,100</u>	<u>154,187</u>	<u>88,913</u>	<u>288,422</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(243,060)</u>	<u>(153,759)</u>	<u>89,301</u>	<u>(265,113)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	197,000	125,000	(72,000)	53,000
Total other financing sources (uses)	<u>197,000</u>	<u>125,000</u>	<u>(72,000)</u>	<u>53,000</u>
NET CHANGE IN FUND BALANCES	<u>(46,060)</u>	<u>(28,759)</u>	<u>17,301</u>	<u>(212,113)</u>
FUND BALANCES, BEGINNING		<u>509,195</u>		<u>721,308</u>
FUND BALANCES, ENDING		<u>480,436</u>		<u>509,195</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures, and Changes in Fiduciary
Assets and Liabilities - Budget and Actual (GAAP Basis)
Fiduciary Fund
Scholarship Fund
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For the Year Ended June 30, 2020)

	<u>2021</u>		Final Budget Variance Positive (Negative)	<u>2020</u>
	Original and Final Budget	Actual Amounts		Actual Amounts
ADDITIONS				
Programs	70	7	(63)	79
Total additions	<u>70</u>	<u>7</u>	<u>(63)</u>	<u>79</u>
DEDUCTIONS				
Programs	5,250	-	5,250	-
Total deductions	<u>5,250</u>	<u>-</u>	<u>5,250</u>	<u>-</u>
CHANGE IN FIDUCIARY ASSETS AND LIABILITIES	<u>(5,180)</u>	7	<u>5,187</u>	79
DUE TO STUDENTS, BEGINNING		<u>5,188</u>		<u>5,109</u>
DUE TO STUDENTS, ENDING		<u>5,195</u>		<u>5,188</u>

The accompanying notes are an part of these financial statements.

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures, and Changes in Fiduciary
Assets and Liabilities - Budget and Actual (GAAP Basis)
Fiduciary Fund
Student Activity Fund
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For the Year Ended June 30, 2020)

	2021			Variance with Final Budget- Positive (Negative)	2020
	Original Budget	Original and Final Budget	Actual Amounts		Actual Amounts
ADDITIONS					
Programs	155,000	155,000	-	(155,000)	61,615
Total additions	<u>155,000</u>	<u>155,000</u>	<u>-</u>	<u>(155,000)</u>	<u>61,615</u>
DEDUCTIONS					
Programs	155,000	155,000	-	155,000	63,721
Total deductions	<u>155,000</u>	<u>155,000</u>	<u>-</u>	<u>155,000</u>	<u>63,721</u>
CHANGE IN FIDUCIARY ASSETS AND LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	(2,106)
DUE TO STUDENT ACTIVITIES, BEGINNING			<u>-</u>		<u>110,825</u>
DUE TO STUDENT ACTIVITIES, ENDING			<u>-</u>		<u>108,719</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Combined General Fund
Balance Sheet
June 30, 2021

	<u>General Fund</u>	<u>Insurance Reserve Fund</u>	<u>Total</u>
ASSETS			
Assets:			
Cash and cash equivalents	3,280,075	229,450	3,509,525
Accounts, taxes, and interest receivable	573,913	-	573,913
Due from other governments	718,651	-	718,651
	<u>4,572,639</u>	<u>229,450</u>	<u>4,802,089</u>
Total assets	<u>4,572,639</u>	<u>229,450</u>	<u>4,802,089</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts and other current payables	134,964	-	134,964
Accrued compensation	682,513	-	682,513
Due to other funds	280,480	-	280,480
	<u>1,097,957</u>	<u>-</u>	<u>1,097,957</u>
Total liabilities	<u>1,097,957</u>	<u>-</u>	<u>1,097,957</u>
Fund balances:			
Reserved for:			
TABOR	240,500	-	240,500
Risk management	-	229,450	229,450
Unreserved	3,234,182	-	3,234,182
	<u>3,474,682</u>	<u>229,450</u>	<u>3,704,132</u>
Total fund balances	<u>3,474,682</u>	<u>229,450</u>	<u>3,704,132</u>
Total liabilities and fund balances	<u>4,572,639</u>	<u>229,450</u>	<u>4,802,089</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Combined General Fund
Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

	<u>General Fund</u>	<u>Insurance Reserve Fund</u>	<u>Total</u>
REVENUES			
Taxes:			
Property taxes	3,311,043	-	3,311,043
Specific ownership taxes	806,712	-	806,712
State intergovernmental revenue	2,031,722	-	2,031,722
Federal intergovernmental revenue	1,015,022	-	1,015,022
Investment income	4,785	295	5,080
Other	324,067	23,982	348,049
Total revenues	<u>7,493,351</u>	<u>24,277</u>	<u>7,517,628</u>
EXPENDITURES			
Direct instruction	4,101,963	-	4,101,963
Indirect instruction	261,644	-	261,644
Transportation	220,170	-	220,170
Custodial and maintenance	964,862	-	964,862
Support services	297,638	172,209	469,847
General administration	815,849	-	815,849
Community service	1,227	-	1,227
Capital outlay	117,662	-	117,662
Total expenditures	<u>6,781,015</u>	<u>172,209</u>	<u>6,953,224</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>712,336</u>	<u>(147,932)</u>	<u>564,404</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(393,376)	165,000	(228,376)
Total other financing sources (uses)	<u>(393,376)</u>	<u>165,000</u>	<u>(228,376)</u>
NET CHANGE IN FUND BALANCES	318,960	17,068	336,028
FUNDS BALANCES, BEGINNING	<u>3,155,722</u>	<u>212,382</u>	<u>3,368,104</u>
FUND BALANCES, ENDING	<u><u>3,474,682</u></u>	<u><u>229,450</u></u>	<u><u>3,704,132</u></u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule
June 30, 2021 and 2020

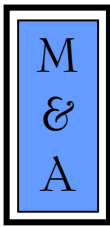
	2021	2020
Governmental funds capital assets:		
Buildings and improvements	38,671,621	38,406,940
Equipment	285,841	285,841
Vehicles	1,049,538	1,008,076
Construction in progress	-	176,747
	40,007,000	39,877,604
Total governmental funds capital assets		

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

Park County School District RE-2

Statutory Information





MCMAHAN AND ASSOCIATES, L.L.C.

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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 GOVERNMENTAL AUDITING STANDARDS

**To the Board of Education
Park County School District RE-2
Fairplay, Colorado**

We have audited, in accordance with U.S. generally accepted auditing standards 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Park County School District RE-2 (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 February 23, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Member: American Institute of Certified Public Accountants

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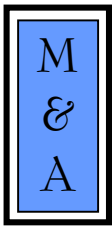
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INDEPENDENT AUDITOR'S REPORT
To the Board of Education
Park County School District RE-2
Fairplay, Colorado

Purpose of this Report

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

McMahan and Associates, L.L.C.
McMahan and Associates, L.L.C.
February 23, 2022



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

**To the Board of Education
Park County School District RE-2
Fairplay, Colorado**

Report on Compliance for Each Major Program

We have audited the compliance of the Park County School District RE-2 (the "District") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibilities

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

Auditor's Responsibilities

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based in our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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
Park County School District RE-2
Fairplay, Colorado

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
February 23, 2022

Park County School District RE-2
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 -	
Title I, Part A, Improving Basic Programs Operated by Schools	ALN # 84.010
National School Lunch Program(s)	ALN # 10.555
School Breakfast Program	ALN # 10.553
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	None noted
Questioned costs	None noted
Auditor assigned reference number	Not applicable

Park County School District RE-2
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

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

**Park County School District RE-2
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Grant Project Code	Expenditures
United States Department of Education:			
Passed Through Colorado Department of Education:			
Title I, Part A, Improving Basic Programs Operated by Schools	84.010	4010	\$ 122,304
IDEA, Part B, Special Education	84.027	4027	99,718 A
IDEA, Part B, Special Education: Preschool	84.173	4173	2,725 A
Rural Education	84.358	4358	59,260
Title II, Part A, Teacher and Principal Training and Recruiting	84.367	4367	8,128
Title IV, Part A, Student Support and Academic Enrichment	84.424A	4424	19,500
Elementary and Secondary School Emergency Relief Fund (ESSER I)	84.425D	4425	88,606
Total United States Department of Education			<u>400,241</u>
United States Treasury:			
Passed through Colorado Department of Education:			
Coronavirus Relief Fund: K-12	21.019	4012	44,831
Coronavirus Relief Fund: K-12 At-Risk Pupils	21.019	5012	24,829
Coronavirus Relief Fund: Safe Schools Reopening Grant	21.019	6012	71,881
Subtotal - Coronavirus Relief Fund			<u>141,541</u>
Total United States Treasury			<u>141,541</u>
United States Department of Agriculture:			
Passed through Colorado Department of Education:			
COVID-19 - National School Lunch Program	10.555	4555	194,548 B
School Breakfast Program	10.553	4553	17,024 B
Passed Through the Colorado Department of Human Services:			
Food Distributions, Commodities	10.555	4555	6,071 B
Total United States Department of Agriculture			<u>217,643</u>
Total Federal Expenditures			<u>\$ 759,425</u>
Additional Information for Clusters:			
A - Special Education Cluster (IDEA)			\$ 102,443
B - Child Nutrition Cluster			\$ 217,643

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 Park County School District RE-1 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance")*. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of the basic financial statements.

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

Food Commodities: Fair market value of commodities at the time recipient received award.

Note 3 - Indirect Facilities and Administration Costs:

The District did not use the 10% de minimis cost rate allowed in 200.414, *Indirect*

Note 4 - Sub recipients:

Park County School District RE-2 did not provide any federal funds listed in the Schedule of Expenditures of Federal Awards to sub-recipients.



**Colorado Department of
Education**

Auditors Integrity Report

District: 2610 - Park County RE-2
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	3,155,723	7,099,975	6,781,016	3,474,682
18 Risk Mgmt Sub-Fund of General Fund	212,382	189,277	172,209	229,450
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	3,368,105	7,289,252	6,953,225	3,704,133
11 Charter School Fund	1,515,685	2,012,206	1,929,747	1,598,144
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	177,185	354,218	261,872	269,531
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	118,676	48,480	45,870	121,286
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	3,234,960	1,248,830	1,163,135	3,320,655
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	509,195	125,428	154,187	480,435
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	8,923,807	11,078,414	10,508,036	9,494,184
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	5,188	7	0	5,195
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	5,188	7	0	5,195

*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your priorperiod adjustment is added into both your ending and beginning fund balances on this report.