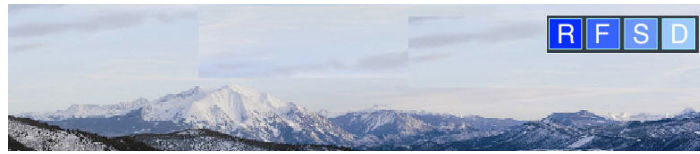


**Roaring Fork School District RE-1
Financial Report
For the Year Ended June 30, 2021**



**Roaring Fork School District RE-1
Financial Report
June 30, 2021**

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**Roaring Fork School District RE-1
Financial Report
June 30, 2021**

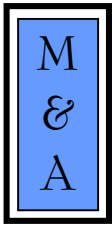
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INDEPENDENT AUDITOR'S REPORT

**To the Board of Education
Roaring Fork School District RE-1
Glenwood Springs, Colorado**

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Roaring Fork School District RE-1, (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 accounting principles generally accepted in the United States of America; this include the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Member: American Institute of Certified Public Accountants

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**INDEPENDENT AUDITOR'S OPINION
To the Board of Education
Roaring Fork School District RE-1**

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Roaring Fork School District RE-1, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The District adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. As a result of the implementation, the District reported a restatement of beginning fund balance in the Pupil Activity Fund and Governmental Net Position. Our opinion is not modified with respect to this matter.

Other Matters

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements taken as whole. The combining fund financial statements, individual budgetary schedules, and the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures 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.

**INDEPENDENT AUDITOR'S OPINION
To the Board of Education
Roaring Fork School District RE-1**

Other Matters (continued)

Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as whole.

Additionally, the Schedule of Expenditures of Federal Awards included in the Single Audit section is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and is not a required part of the District's financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

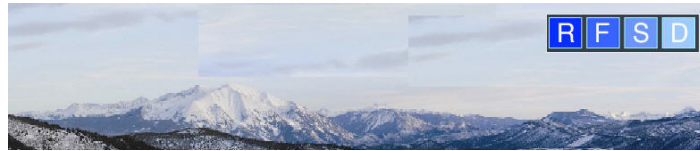
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contract, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control over financial reporting and on compliance.

McMahan and Associates, L.L.C.
McMahan and Associates, L.L.C.
February 20, 2022

Roaring Fork School District RE-1

Management's Discussion and Analysis



**Roaring Fork School District RE-1
Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2021**

As management of the Roaring Fork School District RE-1 (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

- On the Fund Financial Statements, as of June 30, 2021, General Fund spendable fund balances totaled \$18.6 million or 31% of General Fund expenditures. Fund balance reserved under the provisions of TABOR was \$1.8 million. The total Governmental Funds fund balance was \$34.4 million compared to \$32.5 million for the prior year. The increase in fund balance was due to increased General Fund revenue from one-time Proposition EE funds and local property and specific ownership tax collections which remained at historical norms despite the economic difficulty brought on by the COVID-19 pandemic. General Fund expenditures came in under budget due to the district using one-time stimulus funds to pay for recurring expenses out of a separate fund.
- On the District-wide Financial Statements, the liabilities of the District exceeded its assets as of June 30, 2021 by \$63.6 million (net position) compared to \$93.3 million for the prior year. The increase in net position is due primarily to a decrease in the District's allocated share of the Colorado Public Employees' Retirement Association (PERA) pension liability and deferred pension expenses net of deferred pension charges from \$154 million to \$126 million.

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 have three components: 1) District-wide financial statements; 2) Fund financial statements; and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

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

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

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

- **Governmental activities:** Most of the District's basic services are reflected here, such as instructional services, support services and student activities. Other services include activities relating to building maintenance and operations, student transportation, food service, and technology and administration.
- **Business-type activities:** District housing is included under this heading.

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

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

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The District's governmental funds include the General Fund, Food Service Fund, Designated Purpose Grant Fund, Capital Projects Capital Reserve Fund, Bond Redemption Fund and Pupil Activity Special Revenue Fund.

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

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

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

Proprietary funds: The District maintains a proprietary fund which is an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the district-wide financial statements. The District uses an enterprise fund to account for its employee housing operations. Proprietary Funds provide the same type of information as the district-wide financial statements, only in more detail. The proprietary fund financial statements provide financial reports for the District's housing fund which is considered to be a major fund of the District.

The basic major proprietary fund financial statements can be found on pages C7 through C9.

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

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents supplementary information concerning the District's annual appropriated budgets.

District-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a district's financial position. For the year ended June 30, 2021, the District's total net position was (\$63,554,888), which included the District's net pension liability of \$113 million. This liability is the District's proportionate share of the School Division Trust Fund pension liability, administered by the Public Employees' Retirement Association of Colorado. This was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2020.

The following table provides a comparative summary of the District's net position as of June 30, 2021 and 2020:

Roaring Fork School District RE-1 Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Assets:						
Current and other assets	\$ 47,387,045	49,381,590	1,390,242	1,037,609	48,777,287	50,419,199
Capital assets	190,428,368	199,128,967	19,112,853	19,665,165	209,541,221	218,794,132
Total Assets	<u>\$ 237,815,413</u>	<u>\$ 248,510,557</u>	<u>20,503,095</u>	<u>20,702,774</u>	<u>258,318,508</u>	<u>269,213,331</u>
Deferred Outflows	<u>\$ 36,797,805</u>	<u>14,917,635</u>	<u>-</u>	<u>-</u>	<u>36,797,805</u>	<u>14,917,635</u>
Liabilities:						
Other liabilities	\$ 12,791,784	15,975,035	82,752	76,594	12,874,536	16,051,629
Long-term liabilities	297,083,228	294,378,965	-	-	297,083,228	294,378,965
Total Liabilities	<u>\$ 309,875,012</u>	<u>310,354,000</u>	<u>82,752</u>	<u>76,594</u>	<u>309,957,764</u>	<u>310,430,594</u>
Deferred Inflows	<u>\$ 48,713,437</u>	<u>67,044,933</u>	<u>-</u>	<u>-</u>	<u>48,713,437</u>	<u>67,044,933</u>
Net Position						
Net investment in capital assets	\$ 16,207,025	15,148,087	19,112,853	19,665,165	35,319,878	34,813,252
Restricted	14,760,688	14,786,597	-	-	14,760,688	14,786,597
Unrestricted	(114,942,944)	(143,905,425)	1,307,490	961,015	(113,635,454)	(142,944,410)
Total Net Position	<u>\$ (83,975,231)</u>	<u>(113,970,741)</u>	<u>20,420,343</u>	<u>20,626,180</u>	<u>(63,554,888)</u>	<u>(93,344,561)</u>

Of total assets, 81% are capital assets (e.g. land, buildings, and equipment) compared to 81% for the prior year. The District uses these assets to provide instruction and related services to its students.

Deferred outflows have increased \$21.9 million due primarily to the calculation of deferred outflows related to the District's share of the PERA pension liability. Deferred outflows represent a consumption of net assets by the pension that actually relate to a future reporting period. In this case, the significant change results from modified actuarial assumptions used to determine deferred outflows. See further description on page D21.

Of total liabilities as of June 30, 2021, 38% represents the net pension liability and net OPEB liability (see description above), and 57% represents outstanding principal and unamortized premium on general obligation debt as well as accrued compensated absences.

Note that net position may serve as an indicator of the District's financial position over time. The District's net position has increased by approximately \$30 million from the prior year due primarily to the decrease in the District's allocated share of the PERA pension liability and deferred pension expenses net of deferred pension charges.

District-wide Financial Analysis (continued)

In May of 2018, the Colorado Legislature passed Senate Bill 200. This bill is intended to bring PERA to a fully-funded status within thirty years. The legislation provides for increased contributions from employers and employees, implements an annual state budget contribution to PERA of \$225 million, modifies retirement benefits, and establishes an automatic adjustment provision if results are less favorable than current actuarial assumptions. Over time, these changes are expected to result in a reduction in the District's share of the unfunded pension liability.

The following table presents a summary of activities and changes in net position for the fiscal years ended June 30, 2021 and 2020:

Roaring Fork School District RE-1 Summary of Activities and Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Revenues:						
<i>Program revenues</i>						
Charges for services	\$ 1,947,773	\$ 2,962,330	\$ 719,481	\$ 712,537	\$ 2,667,254	\$ 3,674,867
Operating grants and contributions	14,356,111	9,575,792	-	-	14,356,111	9,575,792
Capital grants and contributions	276,870	223,131	-	-	276,870	223,131
<i>General revenues</i>						
Property taxes	48,725,291	49,032,304	-	-	48,725,291	49,032,304
Specific ownership taxes	3,033,293	2,773,006	-	-	3,033,293	2,773,006
State revenue	20,641,495	23,828,758	-	-	20,641,495	23,828,758
Investment earnings	24,889	357,489	-	-	24,889	357,489
Other	766,532	694,487	-	-	766,532	694,487
Total revenues	<u>89,772,254</u>	<u>89,447,297</u>	<u>719,481</u>	<u>712,537</u>	<u>90,491,735</u>	<u>90,159,834</u>
Expenditures:						
Direct Instruction	32,535,074	40,114,625	-	-	32,535,074	40,114,625
Indirect Instruction	5,861,989	6,811,421	-	-	5,861,989	6,811,421
Transportation	1,479,475	2,128,448	-	-	1,479,475	2,128,448
Operations and maintenance	5,598,883	5,126,709	-	-	5,598,883	5,126,709
Support services	2,389,186	2,786,635	-	-	2,389,186	2,786,635
General and school administration	3,488,547	4,758,745	-	-	3,488,547	4,758,745
Student activities	1,411,576	1,624,893	-	-	1,411,576	1,624,893
Food services	1,441,935	1,380,583	-	-	1,441,935	1,380,583
Payments to component unit	1,422,472	1,466,247	-	-	1,422,472	1,466,247
Interest	4,712,463	5,514,645	-	-	4,712,463	5,514,645
Employee housing	-	-	925,318	631,900	925,318	631,900
Total Expenses	<u>60,341,600</u>	<u>71,712,951</u>	<u>925,318</u>	<u>631,900</u>	<u>61,266,918</u>	<u>72,344,851</u>
Change in net assets before transfers and other items	29,430,654	17,734,346	(205,837)	80,637	29,224,817	17,814,983
Net position- July 1	(113,405,885)	(131,705,087)	20,626,180	20,545,543	(92,779,705)	(111,159,544)
Net position - June 30	<u>\$ (83,975,231)</u>	<u>\$ (113,970,741)</u>	<u>\$ 20,420,343</u>	<u>\$ 20,626,180</u>	<u>\$ (63,554,888)</u>	<u>\$ (93,344,561)</u>

Governmental Activities:

Change in Net Position

Net position from governmental activities increased by \$29,430,654 as reflected above. This change is comprised of increases in total assets and deferred outflows of \$11 million offset by decreases in total liabilities and deferred inflows of \$18.8 million.

The increase in total assets and deferred outflows is comprised of the following:

- Current assets decreased by \$2 million due primarily to the District spending federal stimulus funds that were held in its accounts at the end of the previous fiscal year.
- Capital assets decreased by \$8.7 million as a result of current year depreciation expense of \$11.2 million offset by net capital asset additions of \$2.5 million.
- Deferred outflows decreased by \$21.9 million due primarily to a change in actuarial assumptions related to the District's share of the net pension liability (see further description above, and on page D23).

The increase in total liabilities and deferred inflows is the result of the following:

- Current liabilities decreased by about \$3.2 million due primarily to the District spending the \$3.9 million of unearned revenue from the previous fiscal year.
- Long-term liabilities increased by \$2.7 million due primarily to an increase in the PERA pension liability of \$13.6 million and a decrease in bonded debt of \$8.5 million.
- Deferred inflows decreased by about \$18.3 million due primarily to a change in actuarial assumptions (see further description above, and on page D23).

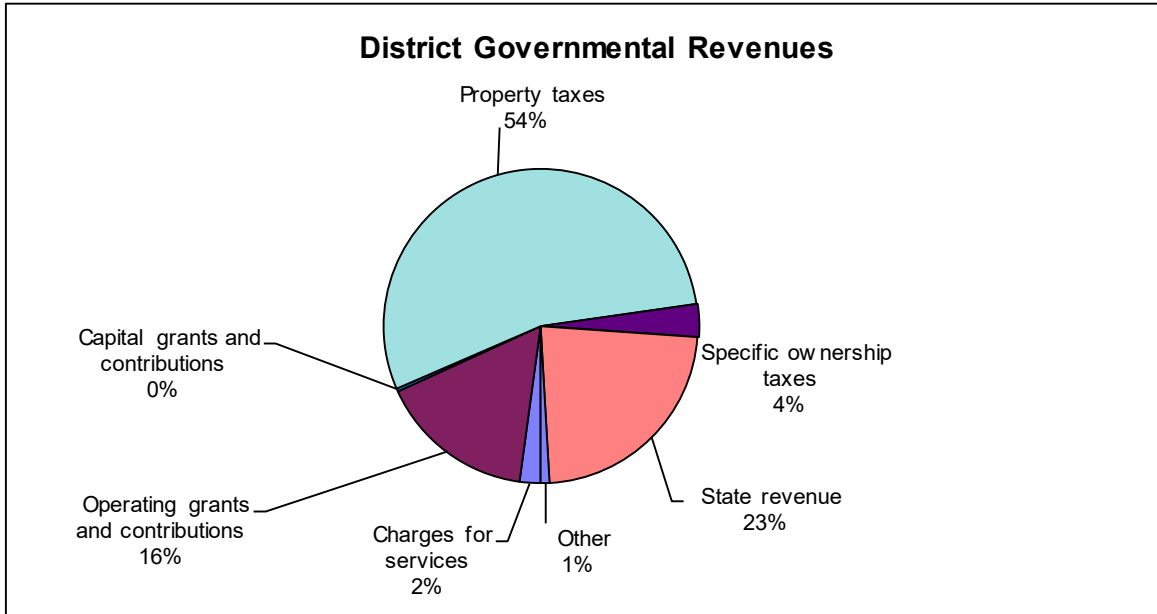
Business-Type Activities:

Business-type activities include the District's employee housing program. The District's housing fund's net position decreased by \$205,837 due to charges for services of \$719,481 offset by employee housing expenses and depreciation totaling \$925,318.

Operating Revenues

The majority of school district operating revenues are generated from Total Program Funding as determined by the School Finance Act of 1994 (see further discussion in Economic Factors below). Total Program Funding is comprised of general fund property taxes, specific ownership taxes, and state equalization (a portion of state funding). Of the \$48.7 million in local property taxes reflected above, approximately 52% is generated under the School Finance Act, 18% is generated by additional voter-approved mill levy overrides, and 30% is generated by the bond redemption fund mill levy for the repayment of interest and principal on voter-approved debt.

The graph below summarizes total revenues by source for governmental activities:



Financial Analysis of the District's Funds

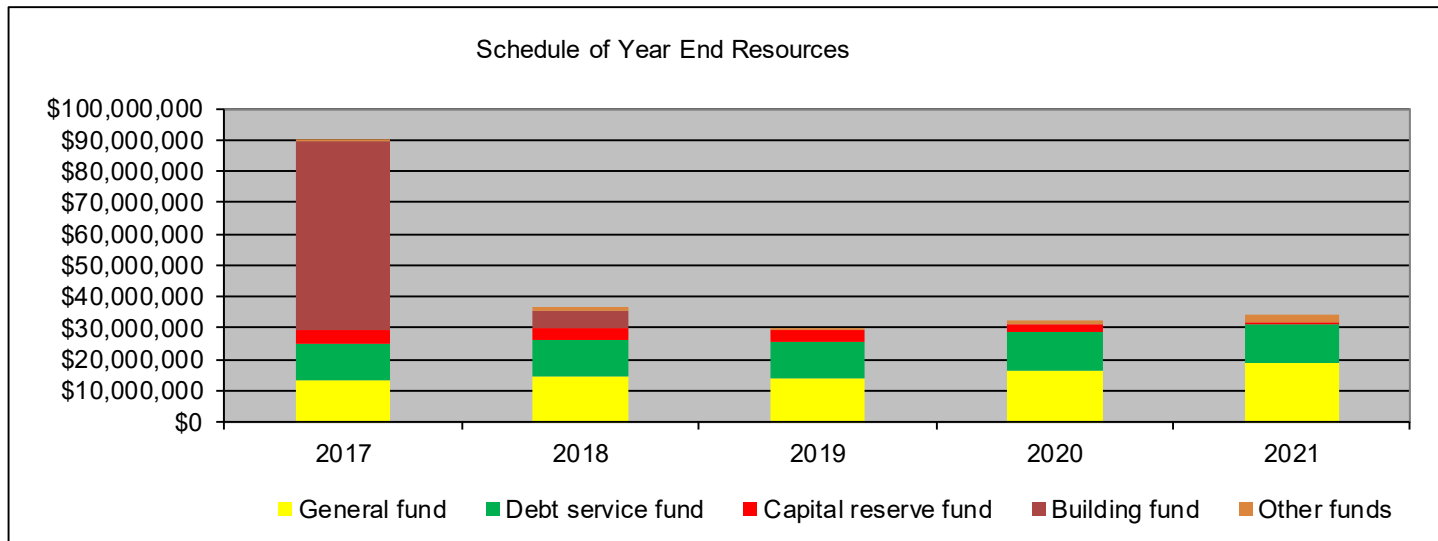
The District utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 \$34.4 million compared to \$32.5 million as of June 30, 2020. The increase is due to increased General Fund revenue from one-time Proposition EE funds and local property and specific ownership tax collections which remained at historical norms despite the economic difficulty brought on by the COVID-19 pandemic. General Fund expenditures came in under budget due to the district using one-time stimulus funds to pay for recurring expenses out of a separate fund.

Financial Analysis of the District's Funds (continued)

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



General Fund Analysis

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. Original and final adopted budgets, as well as variances between actual revenues, expenditures, and final budgeted amounts are reflected in the Required Supplementary Information beginning on page E1 of the audited financial statements. Excluding the temporary Building Fund, the most significant budgeted fund is the General Fund.

Differences between the original and final budget for the General Fund

State Law permits school districts to adopt budget revisions and supplemental appropriations for additional revenues received. There were no budget revisions during fiscal year ending June 30, 2021.

Variances between budgeted and actual revenues for the General Fund

As reflected on page E1, General Fund revenues exceeded budget by \$1.8 million. The primary contributors to this favorable budget variance include the following:

- \$1 million higher than anticipated property taxes
- \$1.3 million higher than anticipated specific ownership taxes
- Tuition and fees were lower than budgeted by \$439,058 due to lower enrollment of tuition pay students.
- State sources were \$507,495 lower than expected due to state equalization funding which came in \$1.4 million under budget but was offset by a payment of \$818,000 from Proposition EE taxes.
- Federal sources were \$335,142 higher than expected due to National Forest Land revenues and Medicare reimbursements coming in \$222,000 and \$113,000 more than budgeted.

Variances Between Budgeted and Actual General Fund Expenditures

Direct Instruction:

Direct instruction expenditures were under budget by \$5.2 million due primarily to:

- A \$3.8 million under budget variance in salaries and benefits. The primary driver of that variance was the district using one-time COVID-19 relief funds to pay for \$3.2 million of instructional salaries and benefits which shifted those expenses out of the general fund to a separate fund.
- A combined under budget variance of \$1.4 million in purchased services, supplies and other expenditures comprised primarily of the following:
 - A \$730,000 favorable budget variance due to unspent funds allocated for school materials and supplies (schools are permitted to carryover 100 percent of unspent funds for expenditure in subsequent years)
 - A \$721,000 favorable variance due to unspent funds allocated for the renewal of curricular materials. These funds are allocated directly to district-wide curriculum content teams, and are expected to be spent in fiscal year 2022. In addition, some funds are held annually in reserve to periodically refresh more expensive curricular materials such as language arts.
 - Unspent funds described above will be carried over for expenditure in fiscal year 2022. It should be noted that while we budget annually for the complete expenditure of unspent allocations, that is not likely to occur in any given year since amounts are often planned to accumulate over a number of years prior to their expenditure (for example, for the replacement of technology equipment or network upgrades on a four-year cycle).

Indirect Instruction:

Indirect instruction expenditures related to pupil support and instructional support, which are under budget by a combined total of \$165,862 due primarily to unused guest teacher budgets.

Transportation:

Transportation was under budget by \$219,972 due to:

- A favorable variance in salaries and benefits of about \$68,000 as a result of unfilled positions
- A favorable variance in purchased services of about \$22,000 due to lower than anticipated costs to transport special education students outside the district for specialized services.
- A favorable variance in supplies of \$121,000 due to lower than anticipated cost of fuel and repair parts.

Operations and Maintenance:

Operations and maintenance expenditures were over budget by \$376,496 due primarily to increased costs of \$603,000 related to the COVID-19 pandemic. The district spent money on improving HVAC functions to improve air flow and quality in the buildings and on custodial supplies to keep our buildings sanitary. The increase costs related to CoVID-19 supplies and services were offset by lower than anticipated salaries and benefits expenditures of \$245,000 from unfilled and under filled positions.

Support Services:

Other support services were under budget by \$412,874. This is a broad budget category which includes technology services (in support of both instruction and district operations), human resources, recruiting, communications, business services, special education secretarial support, and insurance (property, liability, workers' compensation, etc). The under-budget variance in this category is the result of unspent technology project funds designated for the replacement of related infrastructure and servers.

General Fund Budget – Fiscal year 2021/22:

The complete budget document can be viewed on the District's website at www.rfsd.k12.co.us.

Revenues: Total Program Funding represents the most significant revenue source in the District's operating budget. It is calculated by multiplying the District's per pupil funding as determined by the Colorado School Finance Act by the enrollment count on October 1st. The state determines what the District can generate locally in property and specific ownership taxes based on current mill levies and assessed values, and the state makes up the difference through state equalization funding. The assumptions utilized in estimating the 2021/22 Total Program Funding are as follows:

- Per pupil funding - The budget assumes a 10.9% increase in funding from \$8,379 per pupil to \$9,289 per pupil. Total Program Funding is projected to increase by about \$4.2 million over prior year budgeted amounts, and \$4.8 million over 2020/21 projected year-end amounts.
- The funded pupil count is budgeted to be 5,447 which is 210 pupils higher than actual expected enrollment, including Colorado Pre-school Program pupils, of 5,237. The school finance act funding formula allows a district experiencing a drop in enrollment to take an average of past year's enrollment to prevent overly dramatic declines in total program funding. The district is benefitting from this mechanism.
- CEBT Health Insurance Rebate: The district will receive a rebate on its health insurance of \$400,000. The rebate is related to the amount of reserves the provider has on hand and the lower usage of health insurance from covered district personnel.
- Proposition EE - Rural Funds: The district is slated to receive its second year or rural funds from Proposition EE. This amount is expected to be \$963,342 which is \$169,000 higher than the current year.
- English Language Proficiency Act: The 2021/22 school finance act appropriates the ELPA PD funding amounts into the school finance formula. As a result, the district is estimating ELPA funding will be \$440,000 less than last year's budget.
- Most other revenues are assumed to be relatively consistent with current year projected actual and/or budgeted amounts.

Allocations and Transfers:

Budgeted allocations and transfers to other funds are expected to increase from current year projected actuals by about \$645,000. This is due primarily to:

- A \$106,000 increase to the charter school payment for its share of Prop EE and total program funding increases.
- A \$43,000 increase in transfers to the Insurance Reserve fund due mainly to an increase in our property and liability and worker's compensation coverage. We are currently evaluating ways to reduce our worker's compensation premiums.
- A \$481,000 increase in the allocation to the Capital Reserve Capital Projects Fund. The allocation for the 2020/21 school year was reduced dramatically due to the anticipated decrease in revenues. We are budgeting for an increase to meet the needs of deferred projects and health and safety projects. The \$1.175 million transfer that is budgeted for the 2021/22 school year is still less than the typical \$1.2 million capital transfer. Of the budgeted transfer, \$175,000 is budgeted to come from general fund reserves to pay for the district's share of the Riverview Safe Routes to School project.

Expenditures:

Salaries and Benefits:

Salaries and benefits represent about 83% of General Fund expenditures. RFSD's salary and benefit package continues to be a priority in attracting and retaining quality teachers, school leaders, and other support staff.

Proposed changes in salaries and benefits are as follows:

- The District budgets general certified teachers, ELD teachers, and SPED teachers based on ratios of pupils per teacher. In a typical year when the district has increased enrollment from one year to the next, certified positions would increase. Due to the decreased enrollment realized in 2020/21 and forecasted lower enrollment the district reduced its certified teaching positions by 19 total positions resulting in approximately \$1.4 million of savings in salaries and benefits.
- All staff will receive their annual 1.8% salary increase either in the form of a step increase or cost of living increase.
- Health Insurance: A 2.0% increase in the employee benefit allowance from \$781 to \$797 per month per full-time employee (employees working over 30 hours per week), and ½ that amount for employees working 20 to 29 hours per week. The increased benefit allowance covers the single employee premium for the RFSD's lowest-priced health coverage plan.

Other expenditures:

- The District is expecting to receive \$1.36 million of one-time revenues in the form of Proposition EE money and a health insurance rebate. These funds are currently budgeted in contingency (Other expenditures in the Instructional category) and will be discussed with various stakeholders to determine the best use of these funds.
- Utilities: The District has seen an increase in utility costs related to running its HVAC systems 24 hours a day to comply with CDC recommended fresh air and air quality standards. This has resulted in higher utility costs which the district has budgeted for.

Reserves: The 2021/22 budget anticipates the use of \$2.0 million in general fund reserves. Of that amount, \$1.8 million are funds that were allocated for specific costs in the 2020/21 budget but remain unspent as of 6/30/21. These funds will be carried over for expenditure in fiscal year 2021/22. A list of these expenditures is reflected in the budget document. In addition, \$175,000 of reserves is scheduled to be transferred to the capital projects fund to pay for the district’s share of the Riverview Safe Routes to School project.

Capital Assets

The District’s governmental capital assets, net of accumulated depreciation, totaled \$190,428,368 and the business-type capital assets, net of accumulated depreciation, totaled \$19,112,853 as of June 30, 2021. The District capitalizes assets, including land, buildings and improvements, equipment, and construction in progress, with an original cost greater than \$5,000 and a 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 Statement on page D13 of this report.

Long-Term Debt

As of the end of the current fiscal year, the District’s outstanding general obligation debt was \$164.6 million representing a decrease of approximately \$8.5 million from the prior year.

Colorado School law limits the amount of bonded indebtedness to the greater of 20% of the most current valuation for assessment of the taxable property in the District as certified by the County Assessor’s Office or 6% of the most recent actual valuation of the taxable property in the District, as certified by the County Assessor’s Office. The District was below the limits of \$231 million and \$662 million, respectively, as of June 30, 2021.

Additional information, as well as a detailed classification of the District’s total long-term liabilities, can be found in the Notes to the Financial Statements on pages D15 through D20 of this report.

Economic Factors

The Public School Finance Act of 1994 is the largest source of revenue for the District’s operating funds. The School Finance Act calculates per-pupil funding by school district based upon a formula that takes into account cost of living, number of students, district size, personnel vs. non-personnel costs, number of at-risk students, among other factors. The purpose of this act was to establish a financial base of support for public education, to move toward 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 under the School Finance Act are derived by the following formula:

$$\text{Total Program Funding} = \text{local property taxes} + \text{general specific ownership taxes} + \text{state equalization}$$

For fiscal year 2020/21, local property and specific ownership taxes comprised 59% of Total Program Funding (TPF) while state equalization generated 41%, the same as the prior year.

Economic Factors (continued)

In 2007, state legislation was passed to stabilize school district mill levies in order to address a growing revenue imbalance created by TABOR and the School Finance Act of 1994. The revenue limits in TABOR, which were repeated in the School Finance Act, had historically forced mill levies downward in districts, such as ours, when property values were rising. This resulted, to some degree, in the State being required to fund a higher percentage share of the School Finance Act. The new legislation froze the mill levy essentially allowing school property tax collections to increase at the same rate as assessed values. The legislation resulted in a significant increase in the local tax share of the District's TPF from 69% in 2008/09 to 88% in 2010/11. The increase in local funding results in a related decrease in the State's share of funding required by the School Finance Act. Conversely, since TABOR does not allow mill levies to increase as assessed values decrease (the mill levy freeze remains intact), this trend reversed in FY 2011/12 due to the 29% decline in District assessed values that occurred as a result of the impact of the recession. The downward trend in the percentage of TFP funded through local taxes continued with another decline in assessed value in 2013/14. This trend reversed again in 2015/16 with an 18% increase in assessed value.

School finance was also temporarily impacted by Amendment 23, which was passed by voters in November 2000. This state constitutional amendment required that statewide base per pupil funding and state categorical program funding increase by inflation plus one percent for ten years beginning with the fiscal year ended June 30, 2002. After that ten-year window expired, the state was required to increase funding at the rate of inflation. This funding calculation attempted to align Colorado districts to inflation-adjusted funding levels of 1988. However, with significant revenue shortfalls in fiscal year 2011, the State added a negative (budget stabilization) factor to the per pupil School Finance Act calculation described above. This negative factor has essentially negated the intent of Amendment 23.

Next Year's Budget and Fund Balance

The District's General Fund fund balance at the end of fiscal year 2021 totaled \$18.6 million with \$14.2 million of that amount being unassigned. The fiscal year 2022 budget anticipates decreasing this balance by \$2.0 million as discussed above. The entire amount of the reserve has been appropriated for expenditure if necessary.

Component Units

Only summary information regarding component units appears in the District's financial statements. The District has one component unit, Carbondale Community (charter) School. The charter's financial statement information is presented in a separate column in the Government-wide Statement of Net Position and in the Statement of Activities on pages C1 and C2, respectively. The charter school issues its own audited financial statement report which can be viewed on their website at <http://discovercompass.org/carbondale-community-school>.

Requests for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Roaring Fork School District, Chief Financial Officer, 400 Sopris Avenue, Carbondale, Colorado 81623. Additional financial information can be obtained on the District's website at <http://www.rfsd.k12.co.us>.

Roaring Fork School District RE-1

District-Wide Financial Statements



Roaring Fork School District RE-1
Statement of Net Position
June 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Carbondale Community School
Assets:				
Current Assets:				
Cash and investments	\$ 42,071,832	\$ 1,390,242	\$ 43,462,074	\$ 522,326
Accounts receivable	154,091	-	154,091	-
Taxes receivable	2,146,574	-	2,146,574	-
Due from other governments	2,961,226	-	2,961,226	436,464
Inventories	53,322	-	53,322	-
Total Current Assets	47,387,045	1,390,242	48,777,287	958,790
Capital Assets:				
Land	21,575,324	-	21,575,324	445,000
Buildings and improvements	283,680,107	20,472,201	304,152,308	3,387,401
Equipment and vehicles	14,701,502	-	14,701,502	165,025
Less accumulated depreciation	(129,528,565)	(1,359,348)	(130,887,913)	(2,094,082)
Total Capital Assets	190,428,368	19,112,853	209,541,221	1,903,344
Total Assets	237,815,413	20,503,095	258,318,508	2,862,134
Deferred Outflows of Resources:				
Deferred charge on refundings	2,525,099	-	2,525,099	-
Deferred pension expenses	33,990,917	-	33,990,917	646,439
Deferred OPEB expenses	281,789	-	281,789	10,578
Total Deferred Outflows of Resources	36,797,805	-	36,797,805	657,017
Liabilities:				
Current Liabilities:				
Accounts, retainage, and deposits payable	1,944,237	82,752	2,026,989	17,359
Accrued liabilities	864	-	864	-
Accrued compensation	7,785,891	-	7,785,891	182,849
Accrued interest	548,335	-	548,335	-
Unearned revenue	2,512,457	-	2,512,457	7,873
Total Current Liabilities	12,791,784	82,752	12,874,536	208,081
Noncurrent Liabilities:				
Compensated absences:				
Due within one year	1,328,740	-	1,328,740	-
Due in more than one year	1,993,111	-	1,993,111	-
Bonded debt and notes payable:				
Due within one year	8,669,000	-	8,669,000	257,955
Due in more than one year	168,077,442	-	168,077,442	-
Net pension liability:				
Due in more than one year	112,910,342	-	112,910,342	2,573,208
Net OPEB liability:				
Due in more than one year	4,104,593	-	4,104,593	93,558
Total Noncurrent Liabilities	297,083,228	-	297,083,228	2,924,721
Total Liabilities	309,875,012	82,752	309,957,764	3,132,802
Deferred Inflows of Resources:				
Deferred pension expenses	47,361,966	-	47,361,966	1,194,357
Deferred OPEB expenses	1,351,471	-	1,351,471	44,032
Total Deferred Inflows of Resources	48,713,437	-	48,713,437	1,238,389
Net Position:				
Net investment in capital assets	16,207,025	19,112,853	35,319,878	1,903,344
Restricted for:				
TABOR	1,840,551	-	1,840,551	55,000
Debt service	12,287,338	-	12,287,338	-
Other purposes	632,799	-	632,799	-
Unrestricted	(114,942,944)	1,307,490	(113,635,454)	(2,810,384)
Total Net Position	\$ (83,975,231)	\$ 20,420,343	\$ (63,554,888)	\$ (852,040)

The notes to the financial statements are an integral part of this statement.

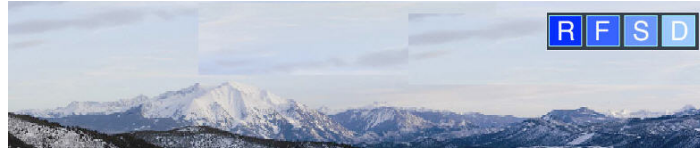
ROARING FORK SCHOOL DISTRICT RE-1
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses)	Business	Net (Expenses)	Component
		Charges for	Operating	Capital	Revenues and		Revenues and	
		Services	Grants and	Grants and	Changes in	Type	Changes in	Unit
			Contributions	Contributions	Net Position	Activities	Net Position	
					Governmental		Total	
					Activities			
Governmental Activities:								
Current:								
Direct instruction	\$ 32,535,074	\$ 408,316	\$ 10,646,627	\$ -	\$ (21,480,131)	\$ -	\$ (21,480,131)	\$ -
Indirect instruction	5,861,989	-	1,300,978	-	(4,561,011)	-	(4,561,011)	-
Transportation	1,479,475	-	-	-	(1,479,475)	-	(1,479,475)	-
Operations and maintenance	5,598,883	-	-	-	(5,598,883)	-	(5,598,883)	-
Support services	2,389,186	-	105,761	276,870	(2,006,555)	-	(2,006,555)	-
General and school administration	3,488,547	-	-	-	(3,488,547)	-	(3,488,547)	-
Student activities	1,411,576	1,539,457	-	-	127,881	-	127,881	-
Food service	1,441,935	-	2,302,745	-	860,810	-	860,810	-
Payments to component	1,422,472	-	-	-	(1,422,472)	-	(1,422,472)	-
Interest	4,712,463	-	-	-	(4,712,463)	-	(4,712,463)	-
Total governmental activities	<u>60,341,600</u>	<u>1,947,773</u>	<u>14,356,111</u>	<u>276,870</u>	<u>(43,760,846)</u>	<u>-</u>	<u>(43,760,846)</u>	<u>-</u>
Business-type Activities								
Employee housing	925,318	719,481	-	-	-	(205,837)	(205,837)	-
Total business-type activities	<u>925,318</u>	<u>719,481</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(205,837)</u>	<u>(205,837)</u>	<u>-</u>
Total Primary Government	<u>61,266,918</u>	<u>2,667,254</u>	<u>14,356,111</u>	<u>276,870</u>	<u>(43,760,846)</u>	<u>(205,837)</u>	<u>(43,966,683)</u>	<u>-</u>
Component Unit:								
Carbondale Charter School	1,012,093	60,153	304,032	40,846	-	-	-	(607,062)
Total component unit	<u>1,012,093</u>	<u>60,153</u>	<u>304,032</u>	<u>40,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(607,062)</u>
General revenues:								
Property taxes levied for general purposes					34,192,781	-	34,192,781	1,428,960
Property taxes levied for debt service					14,532,510	-	14,532,510	-
Specific ownership taxes					3,033,293	-	3,033,293	-
State equalization					20,641,495	-	20,641,495	-
Grants and contributions not restricted to specific programs					750,002	-	750,002	-
Interest and investment earnings					24,889	-	24,889	44
Gain (loss) on asset disposal					16,530	-	16,530	-
Total general revenues					<u>73,191,500</u>	<u>-</u>	<u>73,191,500</u>	<u>1,429,004</u>
Change in net position					29,430,654	(205,837)	29,224,817	821,942
Net position, beginning (as restated)					(113,405,885)	20,626,180	(92,779,705)	(1,673,982)
Net position, ending					<u>\$ (83,975,231)</u>	<u>\$ 20,420,343</u>	<u>\$ (63,554,888)</u>	<u>\$ (852,040)</u>

The notes to the financial statements are an integral part of this statement.

Roaring Fork School District RE-1

Fund Financial Statements



ROARING FORK SCHOOL DISTRICT RE-1
Balance Sheet
Governmental Funds
June 30, 2021

	Special Revenue Funds				Debt Service		Total Governmental Funds
	General Fund	Food Service Fund	Governmental Designated Purpose		Bond Redemption Fund	Capital Reserve Fund	
			Grant Fund	Pupil Activity Fund			
Assets:							
Cash and investments	\$ 25,449,128	\$ 726,247	\$ 1,304,949	\$ 1,594,016	\$ 11,865,387	\$ 1,132,105	\$ 42,071,832
Accounts receivable	109,042	30,049	-	-	-	15,000	154,091
Taxes receivable	1,516,395	-	-	-	630,179	-	2,146,574
Due from other governments	961,154	375,315	1,619,067	-	1,892	3,798	2,961,226
Due from other funds	1,341	-	-	-	-	-	1,341
Inventory	-	53,322	-	-	-	-	53,322
Total Assets	<u>28,037,060</u>	<u>1,184,933</u>	<u>2,924,016</u>	<u>1,594,016</u>	<u>12,497,458</u>	<u>1,150,903</u>	<u>47,388,386</u>
Liabilities, Deferred Inflows and Fund Equity:							
Liabilities:							
Accounts, retainage, arbitrage and deposits payable	1,469,686	60,045	296,708	-	-	117,798	1,944,237
Accrued liabilities	864	-	-	-	-	-	864
Accrued salaries and benefits	7,217,861	159,610	408,420	-	-	-	7,785,891
Due to other funds	-	-	1,341	-	-	-	1,341
Unearned revenue	257,572	37,338	2,217,547	-	-	-	2,512,457
Total Liabilities	<u>8,945,983</u>	<u>256,993</u>	<u>2,924,016</u>	<u>-</u>	<u>-</u>	<u>117,798</u>	<u>12,244,790</u>
Deferred Inflows:							
Unavailable property tax revenue	505,618	-	-	-	210,120	-	715,738
Total Deferred Inflows	<u>505,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,120</u>	<u>-</u>	<u>715,738</u>
Fund Balances:							
Non-spendable	-	53,322	-	-	-	-	53,322
Spendable:							
Restricted	1,840,551	-	-	-	12,287,338	632,799	14,760,688
Committed	537,640	874,618	-	1,594,016	-	400,306	3,406,580
Assigned	2,000,231	-	-	-	-	-	2,000,231
Unassigned	14,207,037	-	-	-	-	-	14,207,037
Total Fund Balances	<u>18,585,459</u>	<u>927,940</u>	<u>-</u>	<u>1,594,016</u>	<u>12,287,338</u>	<u>1,033,105</u>	<u>34,427,858</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 28,037,060</u>	<u>\$ 1,184,933</u>	<u>\$ 2,924,016</u>	<u>\$ 1,594,016</u>	<u>\$ 12,497,458</u>	<u>\$ 1,150,903</u>	<u>\$ 47,388,386</u>

The notes to the financial statements are an integral part of this statement.

ROARING FORK SCHOOL DISTRICT RE-1
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position
June 30, 2021

Governmental Funds Total Fund Balance	\$	34,427,858
Property taxes receivable will be collected this calendar year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.		715,737
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds.		319,956,933
Deferred items such as premiums and deferred refunding costs are treated as current transactions on the fund financial statements but are capitalized and amortized on the Statement of Net Position.		(9,611,362)
Accumulated depreciation is not recognized in the governmental funds because capital acquisition costs are expended at the time of acquisition.		(129,528,565)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. This is the amount of bonded debt payable.		(164,609,985)
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds. This is the amount of compensated absences not currently payable.		(3,321,851)
Interest payable on debt is not recorded on the fund statements but, rather is recognized as an expenditure when due. This is the accrued interest on bonded debt that has been incurred, but not yet due.		(548,330)
Long-term liabilities, including net pension obligations, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of the District's net pension liability, adjusted for changes in pension related actuarial assumptions, proportion of collective pension amounts, differences between actual and expected experience and investments earnings, and differences between actual and annualized contributions to the pension plan, that are amortized over the average remaining service life of all active and inactive plan participants.		(126,281,391)
Changes in the District's net pension and OPEB obligation reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in District's net pension and OPEB obligation during the year, including differences between employer contributions to the pension and OPEB plan and amortization of pension and OPEB-related deferrals.		(5,174,275)
Governmental Activities Net Position	<u>\$</u>	<u>(83,975,231)</u>

The notes to the financial statements are an integral part of this statement.

ROARING FORK SCHOOL DISTRICT RE-1
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds				Debt Service		Total Governmental Funds
	General Fund	Food Service Fund	Governmental Designated Purpose		Bond Redemption Fund	Capital Reserve Fund	
			Grant Fund	Pupil Activity Fund			
Revenues:							
Taxes							
Property taxes	\$ 34,898,934	\$ -	\$ -	\$ -	\$ 14,532,510	\$ -	\$ 49,431,444
Specific ownership taxes	3,033,293	-	-	-	-	-	3,033,293
Delinquent taxes, interest, and abatements	58,223	-	-	-	-	-	58,223
Intergovernmental revenues:							
State sources	22,528,062	10,904	1,196,010	-	-	2,100	23,737,076
Federal sources	1,707,287	2,261,847	6,054,775	-	-	-	10,023,909
Charges for services	398,734	29,994	-	-	-	-	428,728
Investment income	24,835	54	-	-	-	-	24,889
Student activities	-	-	-	1,539,457	-	-	1,539,457
Other	482,573	-	1,394,407	-	-	382,630	2,259,610
Total Revenues	63,131,941	2,302,799	8,645,192	1,539,457	14,532,510	384,730	90,536,629
Expenditures:							
Direct instruction	36,062,258	-	5,123,067	-	-	-	41,185,325
Indirect instruction	4,849,654	-	3,351,605	-	-	-	8,201,259
Transportation	1,887,929	-	-	-	-	-	1,887,929
Operations and maintenance of plant services	6,613,537	-	580,519	-	-	-	7,194,056
Support services	3,282,017	-	38,469	-	-	-	3,320,486
General and school administration	5,418,723	-	-	-	-	-	5,418,723
Student activities	-	-	-	1,411,576	-	-	1,411,576
Food service	123,644	1,746,696	46	-	-	-	1,870,386
Payment to component unit	1,422,472	-	-	-	-	-	1,422,472
Debt Service:							
Principal	-	-	-	-	8,470,000	-	8,470,000
Interest and fiscal charges	-	-	-	-	6,069,239	-	6,069,239
Capital outlay	123,835	-	118,189	-	-	2,522,168	2,764,192
Total Expenditures	59,784,069	1,746,696	9,211,895	1,411,576	14,539,239	2,522,168	89,215,643
Excess (Deficiency) of Revenues Over Expenditures	3,347,872	556,103	(566,703)	127,881	(6,729)	(2,137,438)	1,320,986
Other Financing Sources (Uses):							
Transfers in	-	-	566,703	-	-	693,681	1,260,384
Transfers (out)	(1,260,384)	-	-	-	-	-	(1,260,384)
Total Other Financing Sources (Uses)	(1,260,384)	-	566,703	-	-	693,681	-
Net Change in Fund Balances	2,087,488	556,103	-	127,881	(6,729)	(1,443,757)	1,320,986
Fund Balances - Beginning of the Year (as restated)	16,497,971	371,837	-	1,466,135	12,294,067	2,476,862	33,106,872
Fund Balances - End of the Year	\$ 18,585,459	\$ 927,940	\$ -	\$ 1,594,016	\$ 12,287,338	\$ 1,033,105	\$ 34,427,858

The notes to the financial statements are an integral part of this statement.

ROARING FORK SCHOOL DISTRICT RE-1
Reconciliation of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

Governmental Funds Changes in Fund Balances	\$ 1,320,986
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 as depreciation expense. This is the amount by which depreciation exceeded capital outlay during the year, net of disposals.	(8,700,600)
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 the deferred property tax recognized in the Statement of Activities.	(764,375)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of principal payments.	8,470,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds. Interest is recorded as an expenditure in the funds when it is due, while interest is recorded when incurred in the Statement of Activities. This is the change in interest payable during the year.	67,240
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.	168,421
Changes in the District's net pension obligation reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in District's net pension obligation during the year, including differences between employer contributions to the pension plan and amortization of pension-related deferrals.	27,297,189
Changes in the District's OPEB obligation reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in District's OPEB obligation during the year, including differences between employer contributions to the OPEB plan and amortization of OPEB-related deferrals.	282,258
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,289,535
Governmental Activities Change in Net Position	\$ 29,430,654

The notes to the financial statements are an integral part of this statement.

Roaring Fork School District RE-1
Statement of Net Position
Proprietary Funds
June 30, 2021

	District Housing Fund
ASSETS	
Current assets:	
Cash and investments	\$ 1,390,242
Total current assets	1,390,242
Non-current assets:	
Capital assets:	
Buildings	20,472,201
Less accumulated depreciation	(1,359,348)
Total non-current assets	19,112,853
Total assets	20,503,095
LIABILITIES	
Current liabilities:	
Accounts payable	16,868
Security deposits payable	65,884
Total current liabilities	82,752
Total liabilities	82,752
NET POSITION	
Net investment in capital assets	19,112,853
Unrestricted	1,307,490
Total net position	\$ 20,420,343

The notes to the financial statements are an integral part of this statement.

Roaring Fork School District RE-1
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	District Housing Fund
OPERATING REVENUES	
Charges for services	\$ 719,481
Total operating revenues	719,481
OPERATING EXPENSES	
Purchased property services	314,404
Repairs and maintenance	58,603
Total operating expenses	373,007
INCOME (LOSS) FROM OPERATIONS	346,474
NONOPERATING REVENUES (EXPENSES)	
Depreciation	(552,311)
Total non-operating revenues (expenses)	(552,311)
CHANGE IN NET POSITION	(205,837)
TOTAL NET POSITION - BEGINNING	20,626,180
TOTAL NET POSITION - ENDING	\$ 20,420,343

The notes to the financial statements are an integral part of this statement.

**Roaring Fork School District RE-1
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021**

	District Housing Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from tenants	\$ 736,246
Payments to vendors	(382,301)
Net cash (used) for operating activities	353,945
 NET INCREASE (DECREASE) IN CASH	 353,945
Cash and Cash Equivalents - July 1	1,036,297
Cash and Cash Equivalents - June 30	1,390,242
 Reconciliation of Operating (Loss) to Net Cash (Used) for Operating Activities:	
Operating income (loss)	(205,837)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Depreciation expense	552,311
Changes in assets and liabilities related to operations:	
(Increase) decrease in accounts receivable	1,312
Increase (decrease) in accounts payable	(9,294)
Increase (decrease) in security deposits	15,453
Total adjustments	559,782
Net cash (used) for operating activities	\$ 353,945

The notes to the financial statements are an integral part of this statement.

Roaring Fork School District RE-1

Notes to the Financial Statements



**Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021**

I. Summary of Significant Accounting Policies

Roaring Fork School District RE-1 (the "District") was formed in 1959 and is located in Colorado's Central Rocky Mountains. The geographical boundaries include portions of Eagle, Garfield, and Pitkin counties. For 2021, the District provided services to five thousand two hundred fifty (5,250) students. The District's mission is "*Roaring Fork Schools will ensure that every student develops the enduring knowledge, skills and character to thrive in a changing world*". The District operates the following Schools:

Elementary Schools	Middle Schools	High Schools
Sopris Elementary School	Basalt Middle School	Basalt High School
Glenwood Springs Elementary	Glenwood Springs Middle	Roaring Fork High School
Crystal River Elementary School	Carbondale Middle School	Glenwood Springs High School
Basalt Elementary School		Bridges High School
Combination Schools		
Carbondale Community School (Pre-K to 8th Grade)		
Riverview School (Pre-K to 8th Grade)		

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

A. Reporting Entity

The District was 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 organizations for which the District is considered to be financially accountable. The District applied various criteria to determine if it is financially accountable for any organization, which would require that organization to be included in the District's reporting entity. Criteria include fiscal dependency, financial benefit or burden, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Based upon the above criteria, the District is financially responsible for funding the Carbondale Community School. The Carbondale Community School is a charter school governed by the Colorado Revised Statutes, and is financed by a portion of the District's School Finance Act Revenues (based on enrollment), state and federal grants, as well as other revenues generated by the Carbondale Community School. Separately issued financial statements are available from the Carbondale Community School. The Carbondale Community School is a discretely presented component unit to the District because of their financial relationship with the District.

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

Roaring Fork School District RE-1
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, 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 either governmental or business type. 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 columns are (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts—net investment in capital assets; restricted net position; and unrestricted net position.

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

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

2. Fund Financial Statements

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

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

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements (continued)

The *Capital Reserve Capital Projects Fund* – This capital projects fund accounts for and reports financial resources that are restricted by outside parties (i.e., land dedication fees), as well as amounts committed by the School Board of the District for expenditures of capital outlay, including the acquisition or construction of capital facilities and other capital assets. It excludes those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

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

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt or capital projects. The term “proceeds of specific revenue sources” establishes that one of more specific restricted or committed revenues should be the foundation for a special revenue fund. The District reports the following major special revenue funds:

The *Food Service Fund* accounts for all financial activities associated with the District’s school food service program.

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

The *Pupil Activity Special Revenue Fund* - accounts for District sponsored activities for students. Each year, the School Board of the District commits funding by way of the budget approval process.

The District reports the following major proprietary fund:

The *Employee Housing Fund* accounts for all financial activities associated with the District’s employee housing units.

Roaring Fork School District RE-1
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

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

1. Long-term Economic Focus and Accrual Basis

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

3. Financial Statement Presentation

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

D. Financial Statement Accounts

1. Cash and Investments

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

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

1. Cash and Investments (continued)

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

2. Receivables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans).

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

Property taxes levied in 2020 but not yet collected in 2021 are identified as property taxes receivable and deferred inflows at June 30, 2021, and are presented net of an allowance for uncollectible taxes. Grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

3. Inventory and Prepaid Items

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

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

4. Capital Assets

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

**Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

4. Capital Assets (continued)

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

Capital outlay for projects is capitalized as projects are constructed.

Infrastructure, buildings, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	20 -30
Buildings and improvements	20 - 50
Equipment and vehicles	5 - 10

5. Compensated Absences

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

After the completion of fifteen years of full-time service, staff members are eligible for voluntary early retirement. Staff members are entitled to a percentage of their salary as determined from their highest salary during the last five years of employment with the District. The estimated liability for all employees participating in voluntary early retirement is recorded in governmental activities in the Statement of Net Position, as a component of compensated absences.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column of the statement of net position. The District records long-term debt of governmental funds at the face value. The District's general obligation bonds are serviced from property taxes and other revenues of the Debt Service Fund. Capital leases are serviced from property taxes and other revenues of the Capital Reserve Fund. The long-term accumulated unpaid vacation and accrued sick leave are serviced from property taxes and other revenues by the respective fund types from future appropriations. The District is compliant in ongoing disclosure requirements to the secondary bond market in accordance with the Securities and Exchange Commission's Rule 15c2-12.

Roaring Fork School District RE-1
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 (“SDHDTF”), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees’ Retirement Association of Colorado (“PERA”). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 other postemployment benefit plan (“OPEB”) fund administered by the Public Employees’ Retirement Association of Colorado (“PERA”). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

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 (expenses/expenditures) until then. The District has three items that qualify for reporting under this category on the Statement of Net Position. One item is deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt. The other two items are the collective deferred outflows related to the District’s net pension and other post-employment benefit obligations (“OPEB”). Pension and OPEB contributions made after the measurement date, and the net difference between projected and actual earnings will be recognized as a reduction of the net pension or OPEB liability in future periods. See Notes IV.H. and IV.I.

Deferred inflows of resources represent an acquisition of net position that applied to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. These items are the collective deferred inflows related to the District’s net pension and OPEB obligations are reported on the Statement of Net Position and are amortized over the average remaining service life of all active and inactive plan members. See Notes IV.H. and IV.I.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

10. 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.

11. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

E. Significant Accounting Policies

1. Use of Estimates

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

2. Credit Risk

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

3. Restricted and Unrestricted Resources

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

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

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 a reconciliation between *net change in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the District-wide Statement of Activities.

III. Stewardship, Compliance, and Accountability

A. Bond Trustee

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

B. Budgetary Information

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

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

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

During 2021, the grant fund expenditures exceeded the amount appropriated by \$524,340 and the housing fund expenditures exceeded the amount appropriated by \$29,516. This may a violation of Colorado Revised Statutes.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

C. TABOR Amendment

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

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

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more.

The District has reserved a portion of its June 30, 2021 year-end fund balance in the General Fund for emergencies as required under TABOR. As of June 30, 2021, the District had reserved \$1,840,551 in the General Fund for this purpose, which is approximately 3% of the fiscal year spending.

In 1997, the District's electorate passed a ballot question exempting the District from the revenue and expenditure limitations imposed by the TABOR Amendment. The District's electorate approved the following ballot question: *"retain, and spend all revenues received from any source...that are in excess of fiscal year spending limits that would otherwise apply under Article X, Section 20 of the Colorado Constitution"*.

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

IV. Detailed Notes on All Funds

A. Deposits and Investments

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

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

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 recurring fair value measurements:

Investments Measured at Net Asset Value	Total
Colostrust	\$ 27,554,247

The District is governed by the deposit and investment limitations of state law. Unrealized gains / losses were \$0, which reflects the change in fair market value of investments. The deposits and investment balances at June 30, 2021, are as follows:

Type	Fair Value	Maturities	
		Less Than One Year	One To Five Years
Deposits:			
Cash with fiscal agent	\$ 11,865,481	\$ -	\$ -
Checking accounts	4,042,346	-	-
Investments:			
Investment pool	27,554,247	27,554,247	-
Total	\$ 43,462,074	\$ 27,554,247	\$ -

The Investment Pool represents investments in ColoTrust, which is a 2a7-like pool. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool.

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities, the District has limited its interest rate risk.

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

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Concentration of Credit Risk. The District diversifies its investments by security type and institution.

Investments may only be made in those allowed by Colorado Statutes. As a result, the District generally invests in financial institutions which are insured by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, or investments that are federally guaranteed. Financial institutions holding District funds must provide the District with a statement of collateral in the form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

B. Receivables

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

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Governmental Designated Purpose Grant Funds</u>	<u>Pupil Activity Fund</u>
Receivables:				
Taxes	\$ 1,516,395	\$ -	\$ -	\$ -
Accounts	103,993	30,049	-	-
Intergovernmental	961,154	375,315	1,619,067	-
Gross receivables	<u>2,581,542</u>	<u>405,364</u>	<u>1,619,067</u>	<u>-</u>
Less: allowance for uncollectible	-	-	-	-
Net receivables	<u>\$ 2,581,542</u>	<u>\$ 405,364</u>	<u>\$ 1,619,067</u>	<u>\$ -</u>

	<u>Bond Redemption Fund</u>	<u>Capital Reserve Fund</u>	<u>Housing Fund</u>	<u>Total</u>
Receivables:				
Taxes	\$ 630,179	\$ -	\$ -	\$ 2,146,574
Accounts	-	15,000	-	149,042
Intergovernmental	1,892	3,798	-	2,961,226
Gross receivables	<u>632,071</u>	<u>18,798</u>	<u>-</u>	<u>5,256,842</u>
Less: allowance for uncollectible	-	-	-	-
Net receivables	<u>\$ 632,071</u>	<u>\$ 18,798</u>	<u>\$ -</u>	<u>\$ 5,256,842</u>

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. This includes \$715,738 of property tax revenue levied in fiscal 2021 but not available until fiscal 2022.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

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

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 21,575,324	\$ -	\$ -	\$ 21,575,324
Capital assets being depreciated:				
Improvements	24,983,596	300,988	-	25,284,584
Buildings	256,260,185	2,135,338	-	258,395,523
Equipment	14,663,325	38,177	-	14,701,502
Total capital assets being depreciated	<u>295,907,106</u>	<u>2,474,503</u>	<u>-</u>	<u>298,381,609</u>
Total capital assets - cost	<u>317,482,430</u>	<u>2,474,503</u>	<u>-</u>	<u>319,956,933</u>
Less accumulated depreciation for:				
Building and improvements	(110,206,060)	(10,340,231)	-	(120,546,291)
Equipment and vehicles	(8,147,402)	(834,872)	-	(8,982,274)
Total accumulated depreciation	<u>(118,353,462)</u>	<u>(11,175,103)</u>	<u>-</u>	<u>(129,528,565)</u>
Governmental Activities Capital Assets, Net	<u>\$ 199,128,968</u>	<u>\$ (8,700,600)</u>	<u>\$ -</u>	<u>\$ 190,428,368</u>

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated:				
Buildings	\$ 20,472,201	\$ -	\$ -	\$ 20,472,201
Total capital assets being depreciated	<u>20,472,201</u>	<u>-</u>	<u>-</u>	<u>20,472,201</u>
Total capital assets - cost	<u>20,472,201</u>	<u>-</u>	<u>-</u>	<u>20,472,201</u>
Less accumulated depreciation for:				
Building and improvements	(807,036)	(552,312)	-	(1,359,348)
Total accumulated depreciation	<u>(807,036)</u>	<u>(552,312)</u>	<u>-</u>	<u>(1,359,348)</u>
Governmental Activities Capital Assets, Net	<u>\$ 19,665,165</u>	<u>\$ (552,312)</u>	<u>\$ -</u>	<u>\$ 19,112,853</u>

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

Governmental activities:	Capital Outlay	Depreciation
Direct instruction	\$ 2,439,805	\$ 9,110,434
Indirect instruction	-	827,954
General and school administration	-	560,000
Support programs	-	30,468
Operations and maintenance	29,480	168,369
Transportation	-	443,809
Food service	5,218	34,069
Total Governmental Activities	<u>\$ 2,474,503</u>	<u>\$ 11,175,103</u>
Business-type activities:	Capital Outlay	Depreciation
Employee housing	\$ -	\$ 552,312
Total Business-type Activities	<u>\$ -</u>	<u>\$ 552,312</u>

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

Discretely presented component units:

Carbondale Community Charter School:	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 445,000	\$ -	\$ -	\$ 445,000
Total capital assets not being depreciated	445,000	-	-	445,000
Capital assets being depreciated:				
Improvements	234,407	-	-	234,407
Buildings	3,152,994	-	-	3,152,994
Equipment	165,025	-	-	165,025
Total capital assets being depreciated	3,552,426	-	-	3,552,426
Total capital assets - cost	3,997,426	-	-	3,997,426
Less accumulated depreciation for:				
Building and improvements	(1,826,897)	(103,289)	-	(1,930,186)
Equipment and vehicles	(160,507)	(3,389)	-	(163,896)
Total accumulated depreciation	(1,987,404)	(106,678)	-	(2,094,082)
Total Capital Assets, Net	\$ 2,010,022	\$ (106,678)	\$ -	\$ 1,903,344

D. Interfund Receivables, Payables and Transfers

The outstanding balances between funds result mainly from the amount of pooled cash attributable to each fund, reported in its entirety in the general fund.

Interfund balances as of June 30, 2021, were as follows:

<u>Due to/from other funds:</u>	<u>Receivable</u>	<u>Payables</u>
General fund	\$ 1,341	\$ -
Governmental designated purpose grant	-	1,341
	<u>\$ 1,341</u>	<u>\$ 1,341</u>

Transfers were as follows:

<u>Fund In (Out)</u>	<u>Amount</u>	<u>Reason</u>
Governmental designated purpose grant fund / (General fund)	\$ 566,703	To record the District's cash matching obligation(s) for grants awards
Capital reserve capital projects fund / (General fund)	\$ 693,681	To support future capital reserve expenditures

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.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt

All general obligation bonds outstanding are paid by the Bond Redemption Fund.

1. General Obligation Refunding Bonds, Series 2006

On December 26, 2006, the District issued General Obligation Refunding Bonds Series 2006 in the amount of \$8,719,989. Net proceeds after issuance costs were deposited with an escrow agent.

Bonds maturing on and after December 15, 2017 are subject to redemption prior to maturity at the option of the District. The Capital Appreciation Bonds are not subject to redemption prior to maturity. The bonds have bi-annual payment dates of June 15 and December 15. The interest rate on the outstanding bonds is 4.0% and the bonds mature on December 15, 2027. These bonds will be serviced by the Bond Redemption Fund.

In July 2017, a portion of the bonds were refunded by the issuance of General Obligation Refunding Bonds, Series 2016B.

The portion of the 2006 bond issue remaining is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026 - 2030	\$ 14,989	\$ 1,700,011	\$ 1,715,000
Totals	<u>\$ 14,989</u>	<u>\$ 1,700,011</u>	<u>\$ 1,715,000</u>

2. General Obligation Refunding Bonds, Series 2007

On January 30, 2007, the District issued General Obligation Refunding Bonds Series 2007 in the amount of \$8,209,995. Net proceeds after issuance costs were deposited with an escrow agent.

Bonds maturing on and after December 15, 2017 are subject to redemption prior to maturity at the option of the District. The Capital Appreciation Bonds are not subject to redemption prior to maturity. The bonds have bi-annual payment dates of June 15 and December 15. The interest rate on the outstanding bonds is 4.0% and the bonds mature on December 15, 2026. These bonds will be serviced by the Bond Redemption Fund.

In July 2017, a portion of the bonds were refunded by the issuance of General Obligation Refunding Bonds, Series 2016B.

The portion of the 2007 bond issue remaining is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026 - 2027	\$ 44,995	\$ 1,590,005	\$ 1,635,000
Totals	<u>\$ 44,995</u>	<u>\$ 1,590,005</u>	<u>\$ 1,635,000</u>

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

3. General Obligation Refunding Bonds, Series 2011

On September 21, 2011, the District issued General Obligation Refunding Bonds, Series 2011 in the amount of \$53,245,000 to advance refund a portion of the General Obligation Bonds, Series 2005A. Net proceeds after issuance costs were deposited with an escrow agent.

Bonds maturing on or before December 15, 2021 are not subject to redemption prior to maturity. Bonds maturing on or after December 15, 2022 are subject to redemption prior to maturity. The bonds have bi-annual payment dates of June 15 and December 15. The interest rates on the outstanding bonds ranges from 1.5% to 5% and the bonds mature on December 15, 2023. These bonds will be serviced by the Bond Redemption Fund.

The bonds maturing on or after December 15, 2022 were refunded in 2020, see Note IV.F.6. The total remaining outstanding bonds will mature on December 15, 2022.

The portion of the 2011 bond issue remaining is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021 - 2022	\$ 6,270,000	\$ 821,250	\$ 7,091,250
Totals	<u>\$ 6,270,000</u>	<u>821,250</u>	<u>7,091,250</u>

4. General Obligation Bonds, Series 2016

On January 21, 2016, the District issued General Obligation Bonds, Series 2016 in the amount of \$122,000,000 to acquire, construct, repair and improve District capital assets and to pay the costs of issuance of the Bonds.

The bonds are subject to redemption prior to maturity at the option of the District, in whole or part, on December 15, 2026 and on any date thereafter. The bonds have bi-annual payment dates of June 15 and December 15. Interest rates on the outstanding bonds vary from 1.00% to 5.00% and the bonds mature on December 15, 2035. These bonds will be serviced by the Bond Redemption Fund.

The portion of the 2016 bond issue remaining is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021 - 2022	\$ 1,530,000	\$ 4,920,800	\$ 6,450,800
2022 - 2023	1,580,000	4,874,150	6,454,150
2023 - 2024	1,630,000	4,817,850	6,447,850
2024 - 2025	1,985,000	4,735,625	6,720,625
2025 - 2026	2,080,000	4,634,000	6,714,000
2026 - 2031	37,420,000	19,742,000	57,162,000
2031 - 2036	67,775,000	6,990,300	74,765,300
Totals	<u>\$ 114,000,000</u>	<u>\$ 50,714,725</u>	<u>\$ 164,714,725</u>

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

5. General Obligation Refunding Bonds, Series 2016B

On July 27, 2016, the District issued General Obligation Refunding Bonds, Series 2016B in the amount of \$15,475,000 to refund a portion of the General Obligation Refunding Bonds, Series 2006 and a portion of the General Obligation Refunding Bonds, Series 2007. Net proceeds after issuance costs were deposited with an escrow agent.

Bonds maturing on or before December 15, 2025 are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after December 15, 2026 are subject to redemption prior to maturity at the option of the District, in whole or in part, and if in part, in such order of maturity as the District shall determine and by lot within any maturity in such manner as the Paying Agent shall determine, on December 15, 2025 and on any date thereafter, at a redemption price (expressed as a percentage of principal amount) of 100%, plus accrued interest to the redemption date. The bonds have bi-annual payment dates of June 15 and December 15. The interest rates on the outstanding bonds ranges from 2% to 2.5% and the bonds mature on December 15, 2027. These bonds will be serviced by the Bond Redemption Fund.

The portion of the 2016B bond issue remaining is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021 - 2022	\$ 175,000	\$ 335,325	\$ 510,325
2022 - 2023	185,000	330,075	515,075
2023 - 2024	185,000	324,525	509,525
2024 - 2025	195,000	318,975	513,975
2025 - 2026	200,000	313,125	513,125
2026 - 2029	13,640,000	478,750	14,118,750
Totals	<u>\$ 14,580,000</u>	<u>\$ 2,100,775</u>	<u>\$ 16,680,775</u>

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

6. General Obligation Refunding Bonds, Series 2020

On April 15, 2020, the District issued General Obligation Refunding Bonds, Series 2020 in the amount of \$30,500,000 to refund a portion of the General Obligation Refunding Bonds, Series 2011 and the General Obligation Refunding Bonds, Series 2012. Net proceeds after issuance costs were deposited with an escrow agent. The bonds have bi-annual payment dates of June 15 and December 15. The interest rate on the outstanding bonds is 1.07% and the bonds mature on December 15, 2025. These bonds will be serviced by the Bond Redemption Fund.

The portion of the 2020 bond issue remaining is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021 - 2022	\$ 694,000	\$ 314,077	\$ 1,008,077
2022 - 2023	7,281,000	271,411	7,552,411
2023 - 2024	7,360,000	193,081	7,553,081
2024 - 2025	7,143,000	115,490	7,258,490
2025 - 2026	7,222,000	38,638	7,260,638
Totals	<u>\$ 29,700,000</u>	<u>\$ 932,697</u>	<u>\$ 30,632,697</u>

7. Defeasance of Debt

As noted above, proceeds of the refunding bond issues were used to purchase U.S. government securities to retire outstanding issuances. Sufficient U.S. government, state and local governmental securities were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District's financial records. The District is unable to determine the amount of defeased bonds outstanding at year-end.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

8. Schedule of Future Payments

The District's annual debt service is as follows:

<u>Fiscal Year Ending:</u>	<u>General Obligation Refunding 2006</u>	<u>General Obligation Refunding 2007</u>	<u>General Obligation Refunding 2011</u>	<u>General Obligation 2016</u>
2022	\$ -	\$ -	\$ 7,091,250	\$ 6,450,800
2023	-	-	-	6,454,150
2024	-	-	-	6,447,850
2025	-	-	-	6,720,625
2026	-	-	-	6,714,000
2027 - 2031	1,715,000	1,635,000	-	57,162,000
2032 - 2036	-	-	-	74,765,300
Total	<u>1,715,000</u>	<u>1,635,000</u>	<u>7,091,250</u>	<u>164,714,725</u>
Less: interest	(1,700,011)	(1,590,005)	(821,250)	(50,714,725)
Debt Outstanding	<u>\$ 14,989</u>	<u>\$ 44,995</u>	<u>\$ 6,270,000</u>	<u>\$ 114,000,000</u>

<u>Fiscal Year Ending:</u>	<u>General Obligation Refunding 2016B</u>	<u>General Obligation Refunding 2020</u>	<u>Total</u>
2022	\$ 510,325	\$ 1,008,077	\$ 15,060,452
2023	515,075	7,552,411	14,521,636
2024	509,525	7,553,081	14,510,456
2025	513,975	7,258,490	14,493,090
2026	513,125	7,260,638	14,487,763
2027 - 2031	14,118,750	-	74,630,750
2032 - 2036	-	-	74,765,300
Total	<u>16,680,775</u>	<u>30,632,697</u>	<u>222,469,447</u>
Less: interest	(2,100,775)	(932,697)	(57,859,463)
Debt Outstanding	<u>\$ 14,580,000</u>	<u>\$ 29,700,000</u>	<u>\$ 164,609,984</u>

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

9. Changes in Long-term Debt

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

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>	<u>Due Within One Year</u>
Governmental activities:					
General Obligation Bonds:					
Refunding Bonds, Series 2006	\$ 14,989	\$ -	\$ -	\$ 14,989	\$ -
Refunding Bonds, Series 2007	44,995	-	-	44,995	-
Refunding Bonds, Series 2011	12,280,000	-	(6,010,000)	6,270,000	6,270,000
General Obligation, Series 2016	115,490,000	-	(1,490,000)	114,000,000	1,530,000
Refunding Bonds, Series 2016B	14,750,000	-	(170,000)	14,580,000	175,000
Refunding Bonds, Series 2020	30,500,000	-	(800,000)	29,700,000	694,000
Unamortized premium	13,605,171	-	(1,468,713)	12,136,458	-
Accrued compensated absences	3,490,271	249,352	(417,772)	3,321,851	1,328,740
Net unfunded pension liability	99,319,485	13,590,857	-	112,910,342	-
Net unfunded OPEB liability	4,884,054	-	(779,461)	4,104,593	-
	<u>\$ 294,378,965</u>	<u>\$ 13,840,209</u>	<u>\$ (11,135,946)</u>	<u>\$ 297,083,228</u>	<u>\$ 9,997,740</u>

G. Fund Balance Disclosures

The District classifies governmental fund balances as follows:

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

Spendable Fund Balance:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The District has restricted \$1,840,551 for TABOR reserves, \$12,287,338 for debt service, and \$632,799 for land dedication fees in the capital reserve fund.

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. The District has committed \$537,640 representing technology mill levy reserves within the General Fund, \$874,618 for the food service fund, \$1,594,016 for pupil activity fund and \$400,306 for capital projects.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Fund Balance Disclosures (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. The District has assigned \$2,000,231 of fund balance in the General Fund for special appropriations as directed by the School Board.

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.

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

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

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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.

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, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, 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 retirement benefit formula 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.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Contribution provisions as of June 30, 2021. Eligible employees of, the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 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:

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

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

As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. 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 \$8,417,281 for the year ended June 30, 2021.

Pension Liabilities: The net pension liability for the SCHDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The District’s proportion of the net pension liability was based on District 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.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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 \$112,910,342 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

The District's proportionate share of the net pension liability	\$	112,910,342
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District		-
Total	\$	<u>112,910,342</u>

At December 31, 2020, the District's proportionate share was 0.7469% as compared to its proportionate share of 0.6648% at December 31, 2019.

Pension Expense (Revenue): For the year ended June 30, 2021, the District recognized pension expense (revenue) of \$(27,297,189) and revenue (expense) of \$0 for support from the State as a nonemployer contributing entity.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 6,203,862	\$ -
Change of assumptions or other inputs	10,861,624	18,979,273
Net difference between projected and actual earnings on pension plan investments	-	24,854,135
Changes in proportionate share of contributions	13,141,614	3,528,557
Contributions subsequent to measurement date	3,783,817	-
	<u>\$ 33,990,917</u>	<u>\$ 47,361,965</u>

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

\$3,783,817 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	Amortization
<u>June 30,</u>	
2022	\$ (17,727,528)
2023	6,876,461
2024	(2,382,921)
2025	(3,920,878)
	<u>\$ (17,154,866)</u>

Actuarial assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following 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 Annual Increase Reserve

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

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

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

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	
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
	Annual Increase Reserve

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

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.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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.

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

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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	<u>100.00%</u>	

₁The 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 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%.
- 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 the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

**Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)**

IV. Detailed Notes on All Funds (continued)

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

- As specified in law, the State will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. 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 used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (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	\$ 154,018,954	\$ 112,910,342	\$ 78,653,322

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

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Plan Description. Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (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 basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

I. Other Postemployment Benefits – Plan, Liabilities, Expense, and 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 on behalf of benefit recipients not covered by Medicare Part A.

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

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

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

District contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from District were \$361,417 for the year ended June 30, 2021.

Liabilities: At June 30, 2021, the District reported a liability of \$4,104,593 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 District contributions to the Health Care Trust Fund (“HCTF”) for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the District proportion was 0.4320% as compared to its proportion of 0.4345% measured as of December 31, 2019.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2021, the District recognized other post-employment benefit expense of \$(282,258). At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 10,894	\$ 902,386
Change of assumptions or other inputs	30,670	-
Net difference between projected and actual earnings on pension plan investments	-	167,717
Changes in proportionate share of contributions	64,153	251,690
Difference between actual and reported contributions recognized	-	29,678
Contributions subsequent to measurement date	176,072	-
	\$ 281,789	\$ 1,351,471

\$176,072 reported as deferred outflows of resources related to other post-employment benefits, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net other post-employment benefits 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	\$ (285,363)
2023	(261,899)
2024	(292,089)
2025	(285,699)
2026	(113,408)
Thereafter	(7,296)
	\$ (1,245,754)

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

Actuarial cost method	Entry age
Price inflation	2.40%
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 pension 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 4.5% in 2029
Medicare Part A premiums	3.5% in 2020, gradually increasing to 4.5% 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.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

<u>Year Ending</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

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

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

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

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

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

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

**Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)**

IV. Detailed Notes on All Funds (continued)

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

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%- 12.40% ¹	N/A

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

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

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

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

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

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

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

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

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.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

I. Other Postemployment Benefits – Plan, Liabilities, Expense, and 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 cost 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.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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	<u>100.00%</u>	

₁The 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 rate of return assumption of 7.25%.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

	<u>1% Decrease 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	3,998,503	4,104,592.58	4,228,094

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

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Sensitivity of the District’s proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 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	Current Discount	1% Increase
	6.25%	7.25%	8.25%
Collective Net OPEB Liability	1,088,500,000	950,225,000	832,080,000
Proportionate Share of Net OPEB Liability	4,701,885	4,104,593	3,594,250

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

V. Other Information

A. Defined Contribution Pension Plan

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

Funding Policy. Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2021, 2020, and 2019, the 401(k) Plan member contributions from the District were \$572,786, \$567,972, and \$499,822, respectively. The District did not make any contributions to the plan for the years ended June 30, 2021, 2020, and 2019.

B. Risk Management

The District is exposed to various risks of loss related to worker’s compensation, general liability, unemployment, torts, theft of, damage to, and destruction of assets, and errors and omissions. The District carries commercial coverage for these risks and claims and does not expect claims to exceed their coverage.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

V. Other Information (continued)

C. Contingencies

1. Legal Matters

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

2. Federal 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 two other school districts, participates in the Colorado River Board of Cooperative Educational Services (the "BOCES"). The purpose of the BOCES is to pool resources of the individual districts and to provide services common to each on a basis that is more economical than if the same services were provided individually. Administrative costs are borne equally by the districts. 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.

For the year ended June 30, 2021 and 2020, the District made operating contributions of \$799,937 and \$1,261,314, respectively. For a complete audit report please contact Colorado River BOCES at 460 Stone Quarry Rd. Parachute, CO 81635.

E. Mill Levy Override Approvals

In 1999 and 2004, the electorate approved ballot questions authorizing the District to raise and expend local property tax revenues of \$4,000,000 in excess of limitation set forth by the Public School Finance Act of 1994 and Section 20 of Article X of the State Constitution for the purpose of meeting the District's strategic plan by attracting and retaining a quality staff, maintaining a lower student-teacher ratio in grades kindergarten through three, and providing technology resources for the District. All related expenditures are accounted for in the General Fund.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2021
(Continued)

V. Other Information (continued)

E. Mill Levy Override Approvals (continued)

On November 1, 2011, the electorate approved a ballot question authorizing the District to raise and expend local property tax revenues of \$4.8 million annually, in addition to the \$4 million previously authorized (See note V.G.). In accordance with the ballot language, funds are to be used to preserve small class sizes, attract and retain quality staff, provide learning materials, and preserve safe learning environments.

F. Subsequent Event

On July 27, 2021, the District issued \$112,525,000 of Refunding General Obligation Bonds. Proceeds of the bonds will be used to refund a portion of the District's 2016 General Obligation Refunding and Improvement Bonds and to pay the costs of issuing the bonds. The bonds are payable semiannually on June 15 and December 15, commencing December 15, 2021 through 2035 and accrue interest at rates ranging from 2.154% to 4%.

G. Restatement of Pupil Activity Fund

In 2021, the District implemented Governmental Accounting Standards Board Statement No. 84 ("GASB 84"), *Fiduciary Activities*, which establishes new criteria for identifying and reporting fiduciary activities for state and local governments. The District previously reported the activity of Pupil Activity Funds as fiduciary funds. After implantation of GASB 84, the District has moved Pupil Activity Funds from a fiduciary fund to a special revenue fund. GASB 84 is implemented retroactively, which resulted in a restatement of Net Position and Fund Balance of \$564,856.

Roaring Fork School District RE-1

Required Supplementary Information



ROARING FORK SCHOOL DISTRICT RE-1
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
General Fund
For the Year Ended June 30, 2021
(With Comparative Totals For the Year Ended June 30, 2020)

	2021			2020 Actual
	Original and Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	
Revenues:				
Taxes				
Property taxes	\$ 33,863,995	\$ 34,898,934	\$ 1,034,939	\$ 34,300,300
Specific ownership taxes	1,749,304	3,033,293	1,283,989	2,773,006
Delinquent taxes, interest, and abatements	50,000	58,223	8,223	(205,804)
Tuition and fees	837,792	398,734	(439,058)	690,767
Investment income	16,229	24,835	8,606	345,785
State sources	23,035,557	22,528,062	(507,495)	25,810,201
Federal sources	1,372,145	1,707,287	335,142	1,441,063
Other	417,690	482,573	64,883	528,396
Total Revenues	<u>61,342,712</u>	<u>63,131,941</u>	<u>1,789,229</u>	<u>65,683,714</u>
Expenditures:				
Direct instruction	41,271,588	36,062,258	5,197,142	39,520,354
Indirect instruction	5,014,175	4,849,654	165,862	4,640,113
Transportation	2,107,901	1,887,929	219,972	1,952,003
Operations and maintenance of plant services	6,237,041	6,613,537	(376,496)	5,728,080
Support services	3,694,891	3,282,017	412,874	3,288,820
General and school administration	5,642,068	5,418,723	234,191	5,592,989
Food service operations	-	123,644	(123,644)	-
Payment to component unit	1,340,523	1,422,472	(81,949)	1,466,247
Capital outlay	-	123,835	(123,835)	-
Total Expenditures	<u>65,308,187</u>	<u>59,784,069</u>	<u>5,524,117</u>	<u>62,188,606</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,965,475)</u>	<u>3,347,872</u>	<u>7,313,346</u>	<u>3,495,108</u>
Other Financing Sources (Uses):				
Transfers (out)	(1,451,900)	(1,260,384)	191,516	(869,809)
Total Other Financing Sources (Uses)	<u>(1,451,900)</u>	<u>(1,260,384)</u>	<u>191,516</u>	<u>(869,809)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Sources (Uses)	<u>(5,417,375)</u>	<u>2,087,488</u>	<u>7,504,862</u>	<u>2,625,299</u>
Reconciliation to GAAP Basis:				
Pension direct distribution - Special funding		-		(954,133)
Pension expense - Special funding		-		954,133
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Sources (Uses) - GAAP Basis		<u>2,087,488</u>		<u>2,625,299</u>
Net Change in Fund Balances	(5,417,375)	2,087,488	7,504,862	2,625,299
Fund Balances - Beginning of the Year	15,904,188	16,497,971	593,783	13,872,672
Fund Balances - End of the Year	<u>\$ 10,486,813</u>	<u>\$ 18,585,459</u>	<u>\$ 8,098,645</u>	<u>\$ 16,497,971</u>

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

Roaring Fork School District RE-1
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual (GAAP Basis)
Special Revenue Fund
Food Service Fund
For the Year Ended June 30, 2021
(With Comparative Totals For the Year Ended June 30, 2020)

	2021			2020 Actual
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	
Revenues:				
Food sales	\$ 371,641	\$ 29,994	\$ (341,647)	\$ 365,325
Investment income	24	54	30	141
Federal sources:				
Federal government food reimbursement	1,949,323	2,170,923	221,600	1,041,210
USDA Commodity contribution	96,166	90,924	(5,242)	94,346
State sources	31,965	10,904	(21,061)	29,857
Total Revenues	<u>2,449,119</u>	<u>2,302,799</u>	<u>(146,320)</u>	<u>1,530,879</u>
Expenditures:				
Food Service:				
Salaries and employee benefits	965,181	950,071	15,110	952,050
Other services	68,016	57,443	10,573	77,555
Food and milk	1,620,410	637,491	982,919	492,833
USDA donated commodities	96,166	90,924	5,242	94,346
Non-food and other	8,219	10,767	(2,548)	4,036
Total Expenditures	<u>2,757,992</u>	<u>1,746,696</u>	<u>1,011,296</u>	<u>1,620,820</u>
Excess (Deficiency) of Revenues Over Expenditures	(308,873)	556,103	864,976	(89,941)
Other Financing Sources (Uses):				
Transfers in	305,000	-	(305,000)	-
Total Other Financing Sources (Uses)	<u>305,000</u>	<u>-</u>	<u>(305,000)</u>	<u>-</u>
Net Change in Fund Balance	(3,873)	556,103	559,976	(89,941)
Fund Balance - Beginning of the Year	<u>458,825</u>	<u>371,837</u>	<u>(86,988)</u>	<u>461,778</u>
Fund Balance - End of the Year	<u>\$ 454,952</u>	<u>\$ 927,940</u>	<u>\$ 472,988</u>	<u>\$ 371,837</u>

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

ROARING FORK SCHOOL DISTRICT RE-1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Special Revenue Fund
Governmental Designated Purpose Grant Fund
For the Year Ended June 30, 2021
(With Comparative Totals For the Year Ended June 30, 2020)

	2021		Final Budget Variance Positive (Negative)	2020 Actual
	Original and Final Budget	Actual		
Revenues:				
Intergovernmental revenue:				
State revenue	\$ 1,276,585	\$ 1,196,010	\$ (80,575)	\$ 1,072,193
Federal revenue	4,956,411	6,054,775	1,098,364	1,161,183
Other revenue	2,000,000	1,394,407	(605,593)	1,524,295
Total Revenues	8,232,996	8,645,192	412,196	3,757,671
Expenditures:				
Direct instruction	4,641,173	5,123,067	(481,894)	1,097,998
Indirect instruction	3,589,484	3,351,605	237,879	3,028,277
Transportation	-	-	-	37,964
Operations and maintenance of plant services	410,296	580,519	(170,223)	15,463
Support services	-	38,469	(38,469)	190
General and school administration	-	-	-	34
Building services	45,261	118,189	(72,928)	97,554
Food service	-	46	(46)	-
Total Expenditures	8,686,214	9,211,895	(525,681)	4,277,480
Excess (Deficiency) of Revenues Over Expenditures	(453,218)	(566,703)	(113,485)	(519,809)
Other Financing Sources (Uses):				
Transfers in	453,218	566,703	113,485	519,809
Total Other Financing Sources (Uses)	453,218	566,703	113,485	519,809
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning of the Year	-	-	-	-
Fund Balances - End of the Year	\$ -	\$ -	\$ -	\$ -

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

Roaring Fork School District RE-1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Special Revenue Fund
Student Activity Fund
For the Year Ended June 30, 2021
(With Comparative Totals For the Year Ended June 30, 2020)

	2021			2020 Actual
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	
Revenues:				
Student activities	\$ 2,857,510	\$ 1,539,457	\$ (1,318,053)	\$ 1,940,671
Total Revenues	<u>2,857,510</u>	<u>1,539,457</u>	<u>(1,318,053)</u>	<u>1,940,671</u>
Expenditures:				
Student activities	4,051,996	1,411,576	2,640,420	1,624,893
Total Expenditures	<u>4,051,996</u>	<u>1,411,576</u>	<u>2,640,420</u>	<u>1,624,893</u>
Excess (Deficiency) of Revenues over Expenditures	(1,194,486)	127,881	1,322,367	315,778
Fund Balances - Beginning of the Year (as restated)	<u>1,194,486</u>	<u>1,466,135</u>	<u>271,649</u>	<u>585,501</u>
Fund Balances - End of the Year	<u>\$ -</u>	<u>\$ 1,594,016</u>	<u>\$ 1,594,016</u>	<u>\$ 901,279</u>

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

Roaring Fork School District RE-1
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>Yeard Ended December 31,</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's portion of the net pension liability	0.7469%	0.6648%	0.6657%	0.7488%	0.7491%	0.7422%	0.7311%	0.7189%
District's proportionate share of the net pension liability	112,910,342	99,319,485	117,876,455	242,143,967	223,038,228	113,517,142	99,083,500	91,701,414
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	-	11,179,443	14,179,164	-	-	-	-	-
Total proportionate share of the net pension liability associated with the District	<u>112,910,342</u>	<u>110,498,928</u>	<u>132,055,619</u>	<u>242,143,967</u>	<u>223,038,228</u>	<u>113,517,142</u>	<u>99,083,500</u>	<u>91,701,414</u>
District's covered payroll	36,917,818	38,268,425	36,597,290	34,542,484	33,621,279	32,857,437	31,665,805	29,882,161
District's proportionate share of the net pension liability as a percentage of its covered payroll	306%	260%	322%	701%	663%	345%	313%	307%
Plan fiduciary net position as a percentage of the total pension liability	66.99%	64.52%	57.01%	43.96%	43.13%	59.20%	62.84%	64.07%

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

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

<u>Year Ended June 30,</u>	<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	\$ 7,044,093	\$ 7,219,740	\$ 7,307,814	\$ 6,435,267	\$ 6,095,538	\$ 5,844,156	\$ 5,347,478	\$ 4,776,130
Contributions in relation to the contractually required contribution	<u>\$ (7,044,093)</u>	<u>\$ (7,219,740)</u>	<u>\$ (7,307,814)</u>	<u>\$ (6,435,267)</u>	<u>\$ (6,095,538)</u>	<u>\$ (5,844,156)</u>	<u>\$ (5,347,478)</u>	<u>\$ (4,776,130)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 35,433,062	\$ 37,253,562	\$ 38,200,806	\$ 35,663,994	\$ 33,964,451	\$ 32,857,437	\$ 31,665,805	\$ 29,882,161
Contributions as a percentage of covered payroll	19.88%	19.38%	19.13%	18.04%	17.95%	17.79%	16.89%	15.98%

* Information is only available beginning in fiscal year 2014.

Roaring Fork School District RE-1
Schedule of District's Proportionate Share of the Net Other Post Employment Benefits Liability
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

<u>Year Ended December 31,</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's portion of the net OPEB liability	0.4320%	0.4345%	0.4327%	0.4255%	0.4258%
District's proportionate share of the net OPEB liability	4,104,593	4,884,054	5,887,212	5,529,543	5,520,662
District's covered payroll	36,917,818	38,268,425	36,597,290	36,597,290	33,621,279
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	11%	13%	16%	15%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	32.78%	24.49%	17.03%	17.53%	16.72%

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

Roaring Fork School District
Schedule of District Contributions - Other Post Employment Benefits
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

<u>Year Ended June 30,</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 361,417	\$ 379,986	\$ 389,648	\$ 363,773	\$ 346,437
Contributions in relation to the contractually required contribution	<u>\$ (361,417)</u>	<u>\$ (379,986)</u>	<u>\$ (389,648)</u>	<u>\$ (363,773)</u>	<u>\$ (346,437)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 35,433,062	\$ 37,253,562	\$ 38,200,806	\$ 35,663,994	\$ 33,964,451
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.

Roaring Fork School District RE-1
Notes to the Required Supplementary Information
June 30, 2021
(Continued)

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

A. Changes to Assumptions or Other Inputs

1. Changes since the December 31, 2019 Actuarial Valuation are as follows:

- 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 are as Follows:

- 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 are as Follows:

- 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.

Roaring Fork School District RE-1
Notes to the Required Supplementary Information
June 30, 2021
(Continued)

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

A. Changes to Assumptions or Other Inputs (continued)

4. Changes Since the December 31, 2016 Actuarial Valuation are as follows:

- The single equivalent interest rate (the "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.
- The municipal bond index rate used in the determination of the SEIR changed from 3.86 percent on the prior measurement date to 3.43 percent on the measurement date.

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

- The investment return assumption was lowered from 7.5 percent to 7.25 percent
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent
- The post-retirement mortality assumption for healthy lives for the School and 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.

Roaring Fork School District RE-1
Notes to the Required Supplementary Information
June 30, 2021
(Continued)

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

A. Changes to Assumptions or Other Inputs (continued)

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

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

B. Changes of Benefit Terms

No changes during the years presented

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

No changes during the years presented

II. Notes to the Schedule of District Pension Contributions

A. Changes to Assumptions or Other Inputs

No changes during the years presented

B. Changes of Benefit Terms

No changes during the years presented

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

No changes during the years presented

Roaring Fork School District RE-1
Notes to the Required Supplementary Information
June 30, 2021
(Continued)

III. Schedule of the District'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 District OPEB Contributions

A. Changes to assumptions or other inputs

4. 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

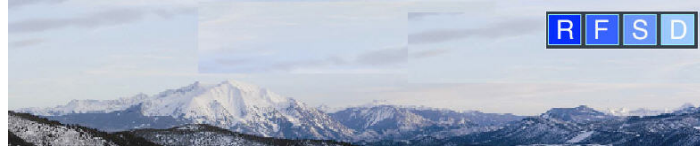
No changes during the years presented

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

No changes during the years presented

Roaring Fork School District RE-1

Supplementary Information



Roaring Fork School District RE-1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Debt Service Fund
Bond Redemption Fund
For the Year Ended June 30, 2021
(With Comparative Totals For the Year Ended June 30, 2020)

	2021		Final Budget Variance Positive (Negative)	2020 Actual
	Original and Final Budget	Actual		
Revenues:				
General property taxes	\$ 14,965,872	\$ 14,532,510	\$ (433,362)	\$ 14,722,551
Total Revenues	<u>14,965,872</u>	<u>14,532,510</u>	<u>(433,362)</u>	<u>14,722,551</u>
Expenditures:				
Debt Service:				
Principal	8,470,000	8,470,000	-	7,380,000
Interest and fiscal charges	6,082,339	6,069,239	13,100	6,799,975
Debt issuance costs	-	-	-	151,303
Total Expenditures	<u>14,552,339</u>	<u>14,539,239</u>	<u>13,100</u>	<u>14,331,278</u>
Excess (Deficiency) of Revenues over Expenditures	413,533	(6,729)	(420,262)	391,273
Other Financing Sources (Uses):				
Debt proceeds	-	-	-	30,500,000
Payments to escrow agents	-	-	-	(30,383,697)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,303</u>
Net Change in Fund Balances	413,533	(6,729)	(420,262)	507,576
Fund Balances - Beginning of the Year	<u>11,610,650</u>	<u>12,294,067</u>	<u>683,417</u>	<u>11,786,491</u>
Fund Balances - End of the Year	<u>\$ 12,024,183</u>	<u>\$ 12,287,338</u>	<u>\$ 263,155</u>	<u>\$ 12,294,067</u>

ROARING FORK SCHOOL DISTRICT RE-1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Capital Projects Fund
Capital Reserve Fund
For the Year Ended June 30, 2021
(With Comparative Totals For the Year Ended June 30, 2020)

	2021			2020 Actual
	Original and Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	
Revenues:				
Property in lieu of land	\$ 20,000	\$ 104,576	\$ 84,576	\$ 529,797
Intergovernmental revenue:				
State revenue	-	2,100	2,100	-
Investment income	-	-	-	11,563
Other	1,086,943	278,054	(808,889)	499,535
Total Revenues	<u>1,106,943</u>	<u>384,730</u>	<u>(722,213)</u>	<u>1,040,895</u>
Expenditures:				
Capital outlay:				
Site and buildings	3,838,247	2,480,647	1,357,600	1,862,009
Equipment	223,752	29,480	194,272	370,719
Technology	50,000	12,041	37,959	90,615
Total Expenditures	<u>4,111,999</u>	<u>2,522,168</u>	<u>1,589,831</u>	<u>2,323,343</u>
Excess (Deficiency) of Revenues over Expenditures	(3,005,056)	(2,137,438)	867,618	(1,282,448)
Other Financing Sources (Uses):				
Transfers in	693,681	693,681	-	350,000
Total Other Financing Sources (Uses)	<u>693,681</u>	<u>693,681</u>	<u>-</u>	<u>350,000</u>
Net Change in Fund Balance	(2,311,375)	(1,443,757)	867,618	(932,448)
Fund Balances - Beginning of the Year	<u>2,311,375</u>	<u>2,476,862</u>	<u>165,487</u>	<u>3,409,310</u>
Fund Balances - End of the Year	<u>\$ -</u>	<u>\$ 1,033,105</u>	<u>\$ 1,033,105</u>	<u>\$ 2,476,862</u>

ROARING FORK SCHOOL DISTRICT RE-1
Schedule of Revenues, Expenses, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
District Housing Fund
For the Year Ended June 30, 2021
(With Comparative Totals For the Year Ended June 30, 2020)

	2021			2020 Actual
	Original and Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	
Operating Revenues:				
Charges for services	\$ 742,563	\$ 719,481	\$ (23,082)	\$ 712,537
Total Operating Revenues	<u>742,563</u>	<u>719,481</u>	<u>(23,082)</u>	<u>712,537</u>
Operating Expenses:				
Purchased property services	261,814	314,404	(52,590)	258,444
Repairs and maintenance	31,677	58,603	(26,926)	34,410
Contingency	50,000	-	50,000	-
Total Operating Expenses	<u>343,491</u>	<u>373,007</u>	<u>(29,516)</u>	<u>292,854</u>
Income (Loss) From Operations	399,072	346,474	(52,598)	419,683
Non Operating Revenues (Expenses)				
Depreciation	(350,000)	(552,311)	(202,311)	(339,045)
Total Non Operating Revenues (Expenses)	<u>(350,000)</u>	<u>(552,311)</u>	<u>(202,311)</u>	<u>(339,045)</u>
Change in Net Position	\$ 49,072	\$ (205,837)	\$ (254,909)	80,638
Fund Balances - Beginning of the Year	<u>20,637,336</u>	<u>20,626,182</u>	<u>(11,154)</u>	<u>20,545,544</u>
Fund Balances - End of the Year	<u><u>\$ 20,686,408</u></u>	<u><u>\$ 20,420,345</u></u>	<u><u>\$ (266,063)</u></u>	<u><u>\$ 20,626,182</u></u>



Colorado Department of Education

Auditors Integrity Report

District: 1180 - Roaring Fork RE-1

Fiscal Year 2020-21

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

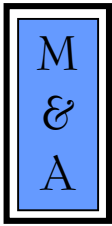
Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	16,497,973	59,387,960	57,300,474	18,585,460
18 Risk Mgmt Sub-Fund of General Fund	0	1,061,123	1,061,123	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	16,497,973	60,449,083	58,361,597	18,585,460
11 Charter School Fund	401,545	1,834,036	1,742,826	492,756
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	371,834	2,302,799	1,746,696	927,938
22 Govt Designated-Purpose Grants Fund	0	9,211,895	9,211,895	0
23 Pupil Activity Special Revenue Fund	1,466,135	1,539,457	1,411,576	1,594,016
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	12,294,067	14,532,510	14,539,239	12,287,338
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	2,476,862	1,078,411	2,522,169	1,033,105
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	33,508,417	90,948,193	89,535,997	34,920,612
Proprietary				
50 Other Enterprise Funds	20,626,180	719,481	925,318	20,420,344
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	20,626,180	719,481	925,318	20,420,344
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

FINAL

Roaring Fork School District RE-1

Reports and Schedules for Reporting Requirements
Of Uniform Guidance





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

**To the Board of Education
Roaring Fork School District RE-1
Glenwood Springs, CO**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Roaring Fork School District RE-1 (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 20, 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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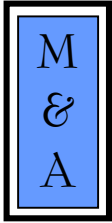
INDEPENDENT AUDITOR'S REPORT
To the Board of Education
Roaring Fork School District RE-1
Glenwood Springs, CO

Purpose of this Report

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
February 20, 2022



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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

**To the Board of Education
Roaring Fork School District RE-1
Glenwood Springs, CO**

Report on Compliance for Each Major Program

We have audited the compliance of the Roaring Fork School District RE-1 (the "District") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibilities

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

Auditor's Responsibilities

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based in our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirement of the 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
Roaring Fork School District RE-1
Glenwood Springs, CO

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 OMB 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 20, 2022

**Roaring Fork School District RE-1
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	No
Major programs -	
Child Nutrition Cluster	ALN 10.555/10.559
COVID-19 Coronavirus Relief Program	ALN 21.019
Elementary and Secondary School Emergency Relief (ESSER)	ALN 84.425
Dollar threshold used to identify Type A from Type B programs	\$750,000
Identified as low-risk auditee	Yes

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

**Roaring Fork School District RE-1
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.

**Roaring Fork School District RE-1
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

<u>Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Grant/ Project Code</u>	<u>Expenditures</u>	
United States Department of Education				
Passed through Colorado Department of Education:				
Title I Grants to Local Educational Agencies	84.010	4010	\$ 573,123	
Title I School Support	84.010	5010	64,928	
Subtotal Title I			<u>638,051</u>	
English Language Acquisition State Grants	84.365	4365	135,071	
Title III Set Aside Supplemental	84.365	7365	24,697	
Subtotal - English Language Acquisition State Grants			<u>159,768</u>	
Improving Teacher Quality State Grants	84.367	4367	142,003	
Student Support and Academic Enrichment Program	84.424A	4424	36,244	
COVID-19 ESSER I	84.425D	4425	369,404	
COVID-19 ESSER I, Supplemental	84.425D	5425	227,854	
COVID-19 ESSER I, CCSG	84.425D	5525	140,325	
COVID-19 ESSER III	84.425U	9414	291,795	
Subtotal - Elementary and Secondary School Emergency Relief (ESSER)			<u>1,029,378</u>	
Total United States Department of Education			<u>2,005,444</u>	
United States Treasury				
Passed through State Department of Education:				
COVID-19 Coronavirus Relief Program	21.019	4012	3,278,594	
COVID-19 Coronavirus Relief Program At Risk	21.019	5012	361,838	
COVID-19 Coronavirus Relief Program Safe Schools Reopening	21.019	6012	408,900	
Subtotal - COVID-19 Coronavirus Relief Program			<u>4,049,332</u>	
Total United States Treasury			<u>4,049,332</u>	
United States Department of Agriculture:				
Passed through Garfield, Pitkin and Eagle County Treasurers:				
Schools and Roads - Grants to States	10.665	7665	341,657	A
Passed through Colorado Department of Education:				
National School Lunch Program	10.555	4555	154,480	B
Summer Food Service Program for Children	10.559	4559	1,747,529	B
COVID-19 Summer Food Service Program for Children	10.559	4559	266,309	B
Subtotal - Summer Food Service Program for Children			<u>2,013,838</u>	
Passed through Colorado Department of Human Services:				
Food Distribution, Commodities (noncash)	10.555	4555	90,924	B
Total United States Department of Agriculture			<u>2,600,899</u>	
Total Federal Expenditures			<u>\$ 8,655,675</u>	

Additional Information for Clusters:

A Forest Service Schools and Roads Cluster	\$ 341,657
B Child Nutrition Cluster	\$2,259,242

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 Roaring Fork 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 the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of these general purpose financial statements.

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

Food Commodities: Assessed value provided by the Federal agency.

Note 3. Indirect Facilities and Administration Costs:

Roaring Fork School District RE-1 has elected to not use the 10% de minimis cost rate allowed in § 200.414, Indirect (F&A) Costs, of the Uniform Guidance.