

**Sheridan School District No. 2**  
Sheridan, Colorado

**Financial Statements**  
with Independent Auditors' Report

**June 30, 2021**



**HINKLE &  
COMPANY**  
*Strategic* <sup>PC</sup>  
*Business Advisors*

# Sheridan School District No. 2

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June 30, 2021

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## **Financial Section**



**HINKLE &  
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## Independent Auditors' Report

Board of Education  
Sheridan School District No. 2  
Englewood, Colorado

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sheridan School District No. 2 (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sheridan School District No. 2 (the District) as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Auditor's Integrity Report and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Auditor's Integrity Report, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2022, on our consideration of The District' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The District' internal control over financial reporting and compliance.

*Hike & Company, PC*

Englewood, Colorado  
February 23, 2022



**Sheridan School District No. 2**  
Management's Discussion and Analysis  
As of and For the Fiscal Year Ended June 30, 2021

As management of the Arapahoe County School District #2 (Sheridan School District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Sheridan Schools for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which follow this section.

**Financial Highlights**

- Beginning June 30, 2019, the district began reporting the resulting effects of Senate Bill (SB) 18-200, which was passed and signed into Colorado law on June 4, 2018. SB 18-200 made changes in several key ways to the PERA retirement plan including increasing contribution rates from employers and employees, directing the state to make a \$225 million on-behalf contribution each year to PERA to reduce the unfunded liability, modifying the retirement benefits including reducing the annual increase for all current and future retirees as well as raising retirement age for new employees, and establishing an automatic adjustment provision designed to keep PERA on a path to full funding over 30 years.
- The liabilities and deferred inflows of resources of the district exceeded assets and deferred outflows of resources at June 30, 2021, by \$434,430, primarily due to an increase in OPEB and pension deferred outflows and liabilities offset by a decrease in pension and OPEB deferred inflows.
- The financial position of the primary government increased as the total net position increased by \$11.5 million, primarily from the net pension income of \$8.7 million due to the requirements of GASB Statement No. 68, \$10.1 million in operating grants and contributions, and \$657 thousand in capital grants and contributions.
- The total cost of basic programs decreased from \$21 million to \$19 million primarily due to inability to fill FTE vacancies as well as decrease of net pension expense.
- General Revenues decreased \$936,000 to \$19.5 million. This was primarily due to decrease in state equalization funding and reduced earnings on investments
- The net cost of governmental activities decreased \$3.72 million due to an overall increase in costs, a decrease in interest expense, and an increase in capital grants and contributions.

**Sheridan School District No. 2**  
Management's Discussion and Analysis  
As of and For the Fiscal Year Ended June 30, 2021

**Overview of the Financial Statements**

Management's discussion and analysis is intended to serve as an introduction to the district's annual report and basic financial statements. This annual report consists of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and combining and individual fund statements and schedules. The basic financial statements include two kinds of statements that present different views of the District

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as instruction were financed in the short term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explain and support the financial statements, and includes a comparison to the District's budget for the year.

**Government-wide Financial Statements**

The district-wide financial statements are designed to provide readers a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Sheridan School 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 Sheridan School District is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue 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 earned but unused vacation leave).

**Sheridan School District No. 2**  
Management's Discussion and Analysis  
As of and For the Fiscal Year Ended June 30, 2021

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Included in governmental activities are most of the District's basic services such as regular and special education, transportation, and administration.

The district-wide financial statements can be found on pages 21-23 of this report.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to track specific sources of funding and spending on particular programs. The Sheridan School District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental Funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

Sheridan School District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the (1) general fund, (2) the technology fund and, (3) the governmental designated purpose grants fund because they are considered major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Also included in the supplementary information section is budget-to-actual information for the debt service fund as required by state statute.

*Proprietary funds:*

Proprietary funds provide the same type of information as the district-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the nutrition services fund as it is the sole proprietary fund.

**Sheridan School District No. 2**  
Management's Discussion and Analysis  
As of and For the Fiscal Year Ended June 30, 2021

*Fiduciary Funds:* Fiduciary funds are used to account for resources held for the benefit of parties outside the government, such as scholarship funds and student activity funds. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the District's own programs.

**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 on pages 30-62 of this report.

**Other information**

In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. Supplementary information includes combining statements, mentioned earlier, in connection with non-major governmental funds as well as budget-to-actual information for all funds as dictated by state statute.

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

The district's net position of the governmental activities on June 30, 2021, increased \$11.4 million to a deficit of \$434,430 from what it was the previous year (see Table 1) primarily as a result of the impact of GASB Statement No. 68 and an increase in operational and capital grants and contributions.

Assets, deferred outflows of resources, liabilities and deferred inflows of resources changed from the prior year for the following reasons:

- Current and other assets decreased by \$1.5 million, primarily from a decrease in cash and cash equivalents.
- Capital assets increased \$1.4 million, as a result of new construction and projects.
- Deferred outflows related to pension and OPEB increased \$8.4 million. Deferred outflows related to charges on refunding decreased \$183,000.
- Deferred outflows related to other post-employment benefits was \$185,215.
- The net pension liability increased \$2.1 million due to the District's proportionate share of PERA's unfunded pension liability.
- Net position decreased \$11.4 million.

**Sheridan School District No. 2**  
 Management's Discussion and Analysis  
 As of and For the Fiscal Year Ended June 30, 2021

Table 1 presents a two-year, condensed statement of the district's net position.

**Table 1**  
**Sheridan's Net Position**

	2020	2021	Change
<b>Assets</b>			
Current Assets	16,556,480	14,987,670	(1,568,810)
Capital Assets	42,554,351	44,049,785	1,495,434
<b>Total Assets</b>	59,110,831	59,037,455	(73,376)
<b>Deferred Outflow of Resources</b>	5,045,875	13,310,112	8,264,237
<b>Liabilities</b>			
Current Liabilities	3,354,703	3,212,440	(142,263)
Long-Term Liabilities	51,008,382	53,307,059	2,298,677
<b>Total Liabilities</b>	54,363,085	56,519,499	2,156,414
<b>Deferred Inflow of Resources</b>	21,700,843	16,262,498	(5,438,345)
<b>Net Position</b>			
Invested in Capital			
Net of Related Debt	26,089,815	28,722,799	2,632,984
Restricted	3,142,226	2,978,009	(164,217)
Unrestricted (Deficit)	(41,139,263)	(32,135,238)	9,004,025
<b>Total Net Position</b>	(11,907,222)	(434,430)	11,472,792

The district's change in financial position is related to operating results (see Table 2), which are highlighted as follows:

- Revenues of \$30.5 million exceeded expenditures of \$19 million, resulting in a \$11.5 million increase in net position. Total revenue increased \$936,472 over revenues of the prior year primarily due to operating grants/restricted investment earnings which included ESSER funding. Total expenses decreased \$1.8 million primarily due to a decrease in instructional expenses due to inability to fill teacher vacancies.

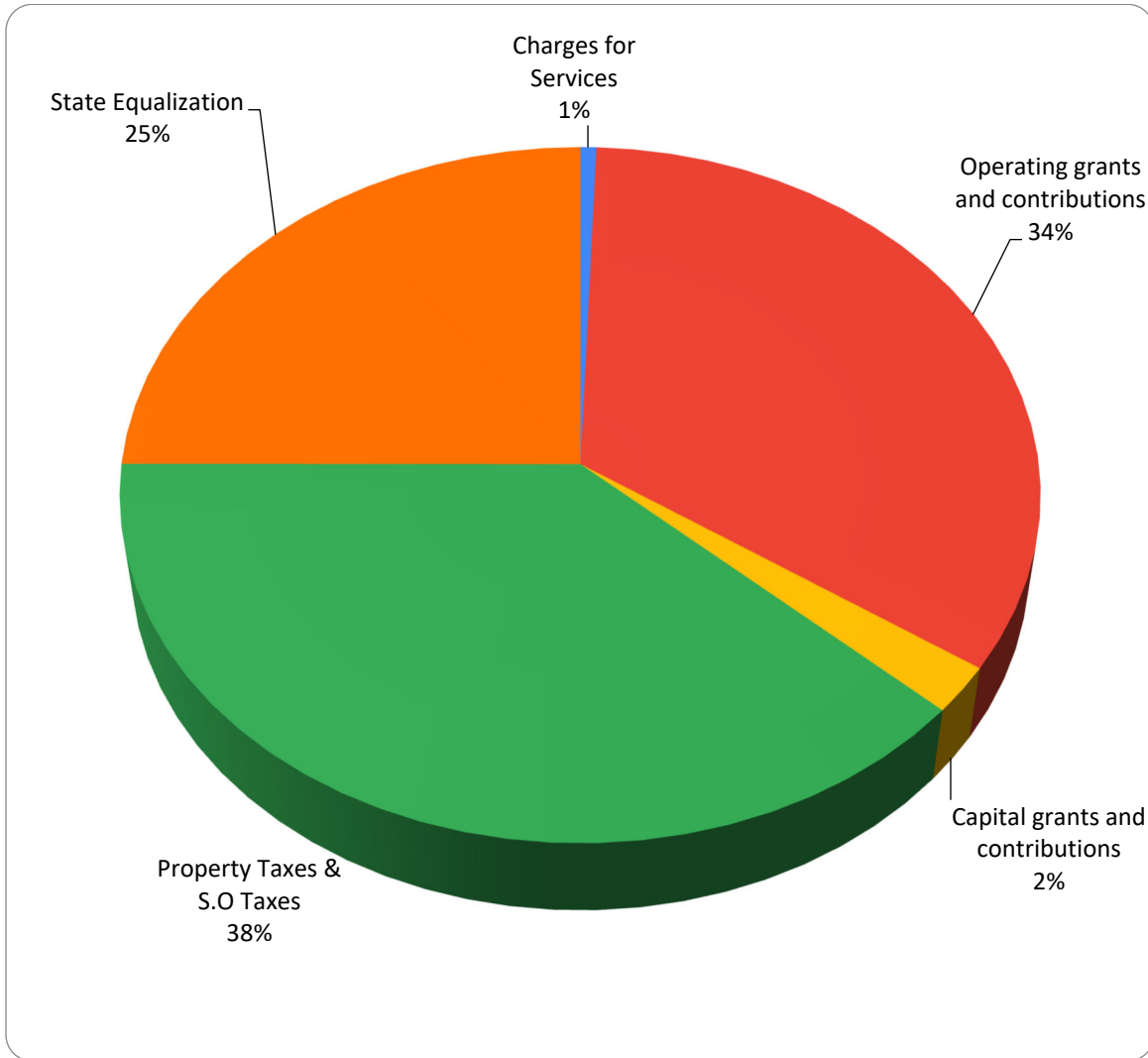
**Sheridan School District No. 2**  
**Management's Discussion and Analysis**  
**As of and For the Fiscal Year Ended June 30, 2021**

Table 2 presents a two-year summary of revenues and expenditures:

<b>Table 2</b>			
<b>Statement of Activities</b>			
	2020	2021	Change
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for Services	316,614	180,572	(136,042)
Operating grants and contributions	7,638,418	10,148,886	2,510,468
Capital grants/restricted investment earnings	1,159,728	657,823	(501,905)
<b>Subtotal Program Revenues</b>	<u>9,114,760</u>	<u>10,987,281</u>	<u>1,872,521</u>
<b>General Revenues</b>			
Local Property Taxes	10,858,627	10,597,611	(261,016)
Specific Ownership Tax	881,901	881,721	(180)
State Equalization	8,168,292	7,481,723	(686,569)
Earnings on Investments	184,753	15,997	(168,756)
Other	363,774	544,246	180,472
<b>Subtotal General Revenues</b>	<u>20,457,347</u>	<u>19,521,298</u>	<u>(936,049)</u>
<b>Total Revenues</b>	<b>29,572,107</b>	<b>30,508,579</b>	<b>936,472</b>
<b>Expenses</b>			
Instruction	9,598,640	5,972,363	(3,626,277)
<b>Support Services</b>			
Students	943,984	1,525,716	581,732
Instructional Staff	2,202,213	3,345,730	1,143,517
General administration	737,821	818,285	80,464
School administration	1,205,041	887,960	(317,081)
Business	437,797	432,770	(5,027)
Operations and Maintenance	2,253,318	2,512,215	258,897
Student transportation	665,343	580,331	(85,012)
Central	1,330,101	1,478,387	148,286
Community Service	232,699	200,991	(31,708)
Food service operations	623,470	658,930	35,460
Debt Service	654,195	622,109	(32,086)
<b>Total Expenses</b>	<u>20,884,622</u>	<u>19,035,787</u>	<u>(1,848,835)</u>

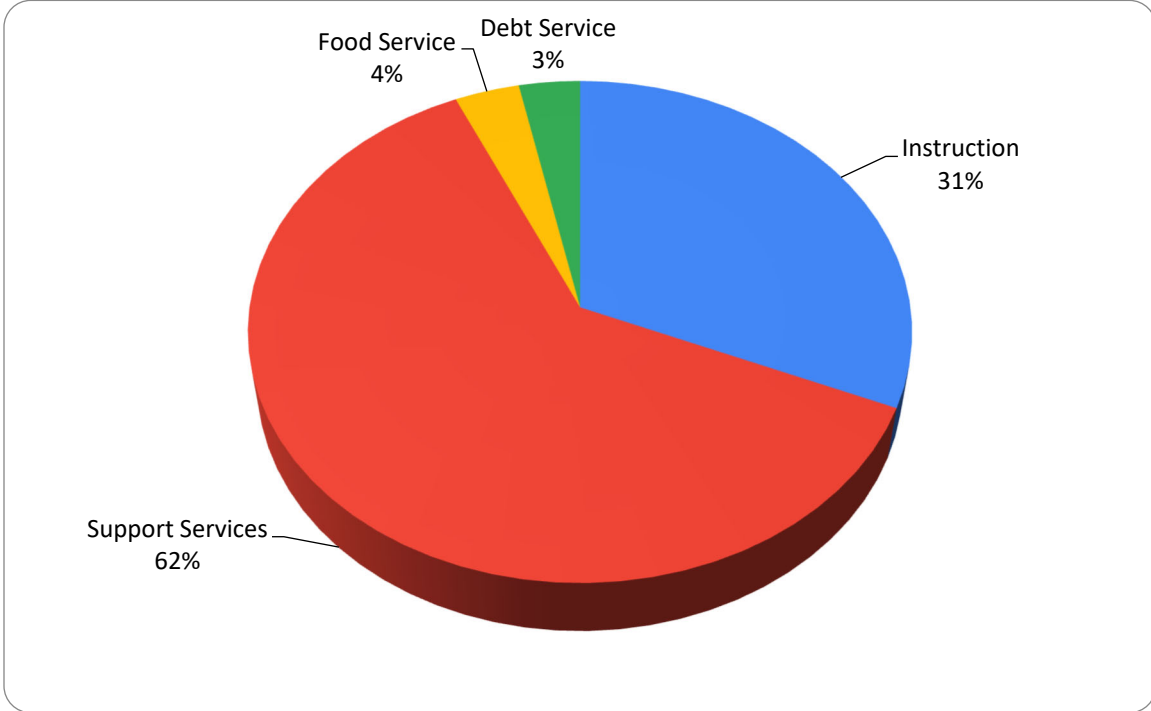
**Sheridan School District No. 2**  
Management's Discussion and Analysis  
As of and For the Fiscal Year Ended June 30, 2021

**Table 3**  
**Sources of Revenue for Fiscal Year 2021**



**Sheridan School District No. 2**  
Management's Discussion and Analysis  
As of and For the Fiscal Year Ended June 30, 2021

**Table 4**  
**Expenditures for Fiscal Year 2021**



**Governmental Activities**

Revenues increased by \$936,472, or 3.07%, to \$30.5 million. Total expenses and transfers increased \$2.6 million to \$24.7 million as a result of a purposeful spend down of fund balance for capital improvement projects, and overall increased costs. Revenues exceeded expenditures resulting in an increase in net position.

Table 5 summarizes the net cost of governmental activities, as presented in the statement of activities in the government-wide financial statements. The table also shows each activity's net cost (total cost less fees generated by the activities and other aid provided for specific programs). The net cost shows the financial burden placed on local and state taxpayers for each of the functions. Program revenues of \$10.9 million are a much smaller funding source for public school district governmental activities, representing only 36 percent of total revenues of \$30.5 million.

**Sheridan School District No. 2**  
**Management's Discussion and Analysis**  
**As of and For the Fiscal Year Ended June 30, 2021**

**Table 5**  
**Net Cost of Governmental Activities**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	2020	2021	2020	2021
Instruction	9,598,640	5,972,363	2,530,077	(3,767,286)
Students	943,984	1,525,716	943,984	1,525,716
Instructional Staff	2,202,213	3,345,730	2,202,213	3,345,730
General Administration	737,821	818,285	737,821	818,285
School Administration	1,205,041	887,960	1,205,041	887,960
Business	437,797	432,770	437,797	432,770
Operations and Maintenance	2,253,318	2,512,215	1,093,590	1,854,392
Student Transportation	665,343	580,331	493,894	426,192
Central	1,330,101	1,478,387	1,330,101	1,478,387
Community Service	232,699	200,991	232,699	200,991
Food Service Operations	623,470	658,930	(91,550)	223,260
Interest	654,195	622,109	654,195	622,109
<b>Total</b>	<b>20,884,622</b>	<b>19,035,787</b>	<b>11,769,862</b>	<b>8,048,506</b>

Other items of note about the governmental activities from the Statement of Activities are as follows:

- The cost of all governmental activities this year was \$19 million.
- Some of the cost was financed by the users of the District's programs, \$544K.
- Federal and State governments subsidized certain programs with operating/capital grants and contributions amounting to just over \$10.8 million.
- Most of the net cost \$8.048 million, was financed by state and local taxpayers with general revenues.
- Net cost of governmental services decreased \$3.7 million, or 68 percent, from \$11.8 million in the previous year to \$8.048 million.
- General revenues of \$19.5 million, consisting of \$11.5 million in property and specific ownership taxes; \$7.5 million in state equalization aid; and \$16K in interest earnings and other revenue.

**Sheridan School District No. 2**  
Management's Discussion and Analysis  
As of and For the Fiscal Year Ended June 30, 2021

**Financial Analysis of the District's Governmental Funds**

As noted earlier, the district uses fund accounting to ensure and demonstrate compliance with GAAP, the SFA, and other related legal requirements. The governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the district's financing requirements.

Information about the District's funds starts on page 24. These funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues of \$30.5 million and expenditures of \$31 million. We had a \$1.989 million decrease in our general fund balance due to purposeful spending toward capital improvement projects. We had an increase of \$1.016 million in our Capital Reserve Fund, a \$999 increase in our Technology Fund, an increase of \$19,255 in our Debt Services fund, an increase of \$15,399 in our Student Activity funds, and an increase of \$176,006 in our Food Services Fund. Our transfer to the Insurance Reserve Fund increased due to an increase in premium for our property insurance.

**General Fund Budgetary Highlights**

Annually, the District approves a budget in June based on enrollment projections for the following school year. In January, the District revised the annual operating budget approved by the District's Board of Education in June, 2020. The primary reason for the issuance of a supplemental budget is updated ending fund balance figures, an accurate student count, and more accurate information on the current year staff members and the salary and step increases that were given at the beginning of the contract year.

The fund balance as of June 30, 2020 was \$9.2 million, compared to \$7.2 million as of June 30, 2021. The final budget reported reserves of \$4.5 million, which represents 21 percent of budgeted expenditures. Actual revenues in the general fund amounted to 125 percent of budgeted revenues.

**Sheridan School District No. 2**  
 Management's Discussion and Analysis  
 As of and For the Fiscal Year Ended June 30, 2021

**Capital Assets**

As shown in Table 6, total primary government capital assets, net of depreciation, increased a net \$2.093 million from the previous year. This was the result of new capital inventories.

**Table 6**  
**Capital Assets (net of depreciation)**

	2020	2021	Change
Land	344,685	344,685	0
Construction in Progress		1,140,596	1,140,596
Building & Site Improvements	38,932,153	40,669,854	1,737,701
Equipment & Vehicles	1,538,634	1,894,650	356,016
<b>Total</b>	<b>40,815,472</b>	<b>44,049,785</b>	<b>3,234,313</b>

**Long-Term Debt**

As of year-end, the district had \$15.7 million in general obligation bonds and other long-term debt outstanding, a decrease of \$1.076 million, as shown in Table 7. The outstanding general obligation bonds at June 30, 2021 consisted of the bonds for BEST grants of \$4.3 million, 2013 general obligation refunding bonds of \$8 million\*, and 2015 general obligation refunding bonds of \$3.4 million.

*\*In September, 2021, Sheridan School District refinanced its Series 2013 General Obligation Bonds to General Obligation Refunding Bonds, Series 2021, which will garner \$520,708 in Net Present Value Savings over the life of the bond.*

More detailed information about the District's long-term liabilities is presented in Note 5, Long-Term Debt, of the financial statements.

**Table 7**  
**Outstanding Long Term Debt**

	2020	2021	Change
Governmental Activities:			
<i>Bonds Payable</i>	16,818,883	15,742,631	(1,076,252)
<b>Total</b>	<b>16,818,883</b>	<b>15,742,631</b>	<b>(1,076,252)</b>

**Sheridan School District No. 2**  
Management's Discussion and Analysis  
As of and For the Fiscal Year Ended June 30, 2021

**Economic Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District contemplated the following factors that could significantly affect its financial health in the future.

- The District was successful in the November, 2018 election and was able to pass a \$3,000,000 override that will be in perpetuity. This helped offset the reduction in revenue due to our continuous declining enrollment. Future general fund cuts will have to be considered as we will be unable to maintain our current staffing as our enrollment declines.
- The public employee's Retirement Association (PERA) of Colorado is the pension plan that covers all district employees. PERA employer contribution rates will increase 1.25% for the school division effective July 1, 2021. The District's contribution increased from 20.4% for the 2019-2020 to 20.9% for the 2020-2021 fiscal year. In addition, employee contributions increased from 8.75% to 10%, which makes PERA employment less attractive to younger employees. It is possible that a further increase of 1.50% may be realized in the 21-22 school year.
- In 2021, the district focus moved from remote education to in-person learning with a focus on remediation of learning loss due to the pandemic and remote learning environment. A large amount of federal emergency funding was received and was used to purchase student technology, train teachers on learning loss, and summer school programs. Also at this time, an emergency feeding program began which reduced revenues in the Food Services Fund. The continuation of the emergency feeding program has required the district to process a general fund transfer in order to support the Food Services Fund.
- Actual average funded counts of student enrollment are expected to decrease for Sheridan School District, as well as statewide, due to an aging population and declining growth. Demographic information indicates student enrollment will continue to decline which results in reduced grant and state equity funding.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer's Office, Sheridan School District #2, 4150 S. Hazel Ct. Englewood, CO 80110.

## **Basic Financial Statements**

**Sheridan School District No. 2**  
Statement of Net Position  
June 30, 2021

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and Investments	\$ 11,264,520
Accounts Receivable	2,703,466
Taxes Receivable	408,110
Inventories	21,923
Prepaid Insurance	589,651
Capital Assets, <i>Not Being Depreciated</i>	1,485,281
Capital Assets, <i>Net of Accumulated Depreciation</i>	<u>42,564,504</u>
Total Assets	<u>59,037,455</u>
<b>Deferred Outflows of Resources</b>	
Loss on Debt Refunding, <i>Net of Accumulated Amortization</i>	849,308
OPEB, <i>Net of Accumulated Amortization</i>	185,215
Pensions, <i>Net of Accumulated Amortization</i>	<u>12,275,589</u>
Total Deferred Outflows of Resources	<u>13,310,112</u>
<b>Liabilities</b>	
Accounts Payable	212,597
Accrued Salaries and Benefits	877,733
Unearned Revenues	774,494
Accrued Interest Payable	90,647
Noncurrent Liabilities	
Due Within One Year	1,256,969
Due in More Than One Year	15,114,016
Net OPEB Liability	1,339,798
Net Pension Liability	<u>36,853,245</u>
Total Liabilities	<u>56,519,499</u>
<b>Deferred Inflows of Resources</b>	
OPEB, <i>Net of Accumulated Amortization</i>	459,554
Pensions, <i>Net of Accumulated Amortization</i>	<u>15,802,944</u>
Total Deferred Inflows of Resources	<u>16,262,498</u>
<b>Net Position</b>	
Net Investment in Capital Assets	28,722,799
Restricted	2,978,009
Unrestricted	<u>(32,135,238)</u>
Total Net Position	<u>\$ (434,430)</u>

## Sheridan School District No. 2

### Statement of Activities For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position
Governmental Activities					Governmental Activities
Instruction	\$ 5,972,363	\$ 170,676	\$ 9,568,973	\$ -	\$ 3,767,286
Supporting Services					
Student support	1,525,716	-	-	-	(1,525,716)
Instructional staff	3,345,730	-	-	-	(3,345,730)
General administration	818,285	-	-	-	(818,285)
School administration	887,960	-	-	-	(887,960)
Business services	432,770	-	-	-	(432,770)
Operations and maintenance	2,512,215	-	-	657,823	(1,854,392)
Student transportation	580,331	-	154,139	-	(426,192)
Community services operations	200,991	-	-	-	(200,991)
Central and other support services	1,478,387	-	-	-	(1,478,387)
Food Service	658,930	9,896	425,774	-	(223,260)
Interest on Long-Term Debt	622,109	-	-	-	(622,109)
 Total Governmental Activities	 \$ <u>19,035,787</u>	 \$ <u>180,572</u>	 \$ <u>10,148,886</u>	 \$ <u>657,823</u>	 <u>(8,048,506)</u>
 <b>General Revenues</b>					
Local Property Taxes					10,597,611
Specific Ownership Taxes					881,721
State Equalization					7,481,723
Investment Income					15,997
Other					<u>544,246</u>
 Total General Revenues					 <u>19,521,298</u>
 <b>Change in Net Position</b>					 <u>11,472,792</u>
 <b>Net Position, Beginning of year</b>					 <u>(11,907,222)</u>
 <b>Net Position, End of year</b>					 <u>\$ (434,430)</u>

# Sheridan School District No. 2

## Balance Sheet Governmental Funds June 30, 2021

	<u>General</u>	<u>Designated Purposes Grants</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 8,378,254	\$ -	\$ 2,886,266	\$ 11,264,520
Accounts Receivable	314	2,594,986	108,166	2,703,466
Taxes Receivable	334,107	-	74,003	408,110
Interfund Receivables	-	-	2,250,621	2,250,621
Inventories	-	-	21,923	21,923
Prepaid Insurance	589,651	-	-	589,651
 Total Assets	 <u>\$ 9,302,326</u>	 <u>\$ 2,594,986</u>	 <u>\$ 5,340,979</u>	 <u>\$ 17,238,291</u>
<b>Liabilities</b>				
Accounts Payable	\$ 198,528	\$ -	\$ 14,069	\$ 212,597
Accrued Salaries and Benefits	382,110	477,892	17,731	877,733
Unearned Revenues	26,952	747,542	-	774,494
Interfund Payables	1,088,137	824,640	337,844	2,250,621
 Total Liabilities	 <u>1,695,727</u>	 <u>2,050,074</u>	 <u>369,644</u>	 <u>4,115,445</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	334,107	-	81,132	415,239
<b>Fund Balances</b>				
Nonspendable Inventories	-	-	21,923	21,923
Restricted	426,662	-	2,551,347	2,978,009
Committed	584,450	-	1,732,907	2,317,357
Assigned	-	-	481,264	481,264
Unassigned	6,261,380	544,912	102,762	6,909,054
 Total Fund Balances	 <u>7,272,492</u>	 <u>544,912</u>	 <u>4,890,203</u>	 <u>12,707,607</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 <u>\$ 9,302,326</u>	 <u>\$ 2,594,986</u>	 <u>\$ 5,340,979</u>	 <u>\$ 17,238,291</u>

**Sheridan School District No. 2**  
 Reconciliation of the Balance Sheet of Governmental  
 Funds to the Statement of Net Position  
 For the Year Ended June 30, 2021

**Amounts Reported for Governmental Activities in the  
 Statement of Net Position are Different Because:**

Total Fund Balances of Governmental Funds	\$ 12,707,607
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	44,049,785
Long-term assets are not available to pay current year expenditures and, therefore, are deferred in governmental funds. This amount represents property taxes earned but not available as current financial resources.	415,239
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:	
Loss on debt refunding	849,308
Accrued interest payable	(90,647)
Bonds payable	(15,711,663)
Bonds premiums	(425,328)
Capital leases payable	(39,303)
Accrued compensated absences	(194,691)
Net pension liability	(36,853,245)
Pension-related deferred outflows of resources	12,275,589
Pension-related deferred inflows of resources	(15,802,944)
Net OPEB liability	(1,339,798)
OPEB-related deferred outflows of resources	185,215
OPEB-related deferred inflows of resources	(459,554)
Total Net Position of Governmental Activities	\$ (434,430)

**Sheridan School District No. 2**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

	General	Grants	Nonmajor Governmental	Total
<b>Revenues</b>				
Taxes	\$ 9,678,739	\$ -	\$ 1,752,075	\$ 11,430,814
Intergovernmental	9,372,506	8,438,137	477,789	18,288,432
Earnings on Investments	13,387	-	2,610	15,997
Other	673,269	555	50,994	724,818
<b>Total Revenues</b>	<u>19,737,901</u>	<u>8,438,692</u>	<u>2,283,468</u>	<u>30,460,061</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	7,435,026	3,251,607	25,759	10,712,392
<b>Supporting Services</b>				
Student support	731,953	988,140	-	1,720,093
Instructional staff	2,428,280	1,684,836	-	4,113,116
General administration	546,826	276,639	-	823,465
School administration	1,129,021	172,256	-	1,301,277
Business services	599,793	10,843	-	610,636
Operations and maintenance	2,263,806	1,045,821	477,835	3,787,462
Student transportation	682,181	104,475	-	786,656
Community services operations	117,350	143,980	-	261,330
Central and other support services	1,519,885	117,932	-	1,637,817
Food Service	-	97,251	561,679	658,930
<b>Debt Service</b>				
Principal	19,551	-	1,196,891	1,216,442
Interest and Fiscal Charges	3,953	-	537,540	541,493
Capital Outlay	-	-	2,505,324	2,505,324
<b>Total Expenditures</b>	<u>17,477,625</u>	<u>7,893,780</u>	<u>5,305,028</u>	<u>30,676,433</u>
<b>Excess (deficiency) of revenues over expenditures</b>	2,260,276	544,912	(3,021,560)	(216,372)
<b>Transfers In (Out)</b>	<u>(4,250,000)</u>	-	<u>4,250,000</u>	-
<b>Net Change in Fund Balances</b>	(1,989,724)	544,912	1,228,440	(216,372)
<b>Fund Balances, Beginning of year</b>	<u>9,262,216</u>	-	<u>3,661,763</u>	<u>12,923,979</u>
<b>Fund Balances, End of year</b>	<u>\$ 7,272,492</u>	<u>\$ 544,912</u>	<u>\$ 4,890,203</u>	<u>\$ 12,707,607</u>

**Sheridan School District No. 2**  
 Reconciliation of the Statement of Revenues,  
 Expenditures and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended June 30, 2021

**Amounts Reported for Governmental Activities in the  
 Statement of Activities are Different Because:**

Net Change in Fund Balances of Governmental Funds	\$ (216,372)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>	
Capital outlay	3,339,874
Depreciation expense	(1,844,440)
<p>Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents the change in deferred property taxes.</p>	
	48,518
<p>The repayment of bond principal and capital lease obligations is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities</p>	
Bond principal	1,196,891
Capital lease obligations	20,191
<p>Some expenses 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 includes the changes in the following:</p>	
Accrued interest payable	(1,724)
Amortization of bond premiums	103,491
Amortization of loss on debt refunding	(183,023)
Accrued compensated absences	159,656
Net pension liability	(5,249,493)
Pension-related deferred outflows of resources	8,375,842
Pension-related deferred inflows of resources	5,610,939
Net OPEB liability	213,618
OPEB-related deferred outflows of resources	71,418
OPEB-related deferred inflows of resources	<u>(172,594)</u>
Change in Net Position	<u>\$ 11,472,792</u>

## Sheridan School District No. 2

Notes to Financial Statements

June 30, 2021

### **Note 1: Summary of Significant Accounting Policies**

Sheridan School District No. 2 (the "District") of Arapahoe County was organized through consolidation of three elementary school districts and a union high school district by a vote of qualified electorate on December 4, 1962, under provisions of the Colorado School Organization Act of 1957.

The District operates under an elected Board of Education with four members and provides educational services to approximately 1,200 students.

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in the District. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the District's more significant policies.

#### **Reporting Entity**

The financial reporting entity consists of the District, organizations for which the District is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the District. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the District. Legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the District.

Based upon the application of this criteria, no additional organizations are included in the District's reporting entity.

#### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these financial statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which are supported by taxes and intergovernmental revenues, are reported in a single column.

## Sheridan School District No. 2

### Notes to Financial Statements

June 30, 2021

#### **Note 1: Summary of Significant Accounting Policies** (Continued)

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to students or other customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for the governmental funds and the fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and have been recognized as revenues of the current year. Property taxes are reported as receivables and deferred inflows when levied and as revenues when due for collection in the following year and determined to be available. Grants and entitlement revenues are recognized when compliance with matching requirements is met. All other revenues are considered to be measurable and available only when cash is received by the District.

Expenditures are recorded when a liability is incurred, as under accrual accounting. However, general obligation bond and capital lease debt service expenditures, as well as expenditures related to compensated absences, are recorded when payment is due.

## Sheridan School District No. 2

Notes to Financial Statements

June 30, 2021

### Note 1: Summary of Significant Accounting Policies (Continued)

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (Continued)

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. In the fund financial statements, the District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources that are not required to be legally or by sound financial management to be accounted for in another fund.

The *Designated Purposes Grants Fund* accounts for restricted local, state, and federal grant revenues and the related expenditures which must be expended as designated by the grantor agency.

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

#### **Assets, Liabilities and Fund Balances/Net Position**

*Cash and Investments* - Cash represents amounts on deposit with financial institutions or held by the District. The District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

*Receivables* - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property taxes levied for the current year but not received at year end are reported as taxes receivable, presented net of an allowance for uncollectible amounts and recorded as deferred inflows of resources in the fund financial statements. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

*Inventories* - The cost of all inventories is recorded as an asset when individual items are purchased and as an expenditure when consumed. Food Services Fund inventories consist of purchased and donated commodities. Materials and supplies inventories are stated at cost. Purchased inventories are recorded at cost. Donated inventories, received at no cost under a program supported by the federal government, are valued at their estimated fair value on the date of receipt.

## Sheridan School District No. 2

### Notes to Financial Statements

June 30, 2021

#### Note 1: Summary of Significant Accounting Policies (Continued)

##### Assets, Liabilities and Fund Balances/Net Position (Continued)

*Interfund Receivables/Payables* - During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified in the fund financial statements as *interfund receivables* and *interfund payables*.

*Capital Assets* - Capital assets, which include property, vehicles and equipment, are utilized for general District operations and are capitalized at actual or estimated cost. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at the estimated acquisition value on the date of donation.

The costs of maintenance, repairs and minor renovations that do not add to the value of the assets or materially extend asset lives are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental fund types are sold, the proceeds of the sale are recorded as revenues in the appropriate fund.

The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the capital assets. Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition and any remaining depreciation is recorded in the year of disposition. The estimated useful lives are as follows:

Buildings and Improvements	5 -50 years
Equipment and Vehicles	5 – 25 years
Equipment – food services	5 - 20 years

*Accrued Salaries and Benefits* - Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reported as a liability in the financial statements.

*Unearned Revenues* - Unearned revenues include grants received before eligibility requirements established by the provider have been met, and resources received by the District before it has a legal claim to them, including fees.

*Long-Term Debt* - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. The District's general obligation bonds are serviced from property taxes and other revenues of the General Fund and the Capital Reserve Capital Projects Fund. Long-term accumulated unpaid accrued sick leave is serviced from property taxes and other revenues by the respective fund type from future appropriations. Debt premiums, discounts and accounting losses resulting from debt refundings are deferred and amortized over the life of the debt. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses.

## Sheridan School District No. 2

### Notes to Financial Statements

June 30, 2021

#### Note 1: Summary of Significant Accounting Policies (Continued)

##### Assets, Liabilities and Fund Balances/Net Position (Continued)

Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

*Compensated Absences and Accumulated Leave* - District policy allows accumulation of leave to a maximum of 180 days. Payment for unused leave days is made based upon an employee's retirement at the rate of one-fourth of the salary amount for step "A" of the salary schedule the employee is on at the time, not to exceed one-half of the substitute teacher rate of pay.

These compensated absences are recognized as expenditures in the governmental funds when due. A long-term liability is reported in the government-wide financial statements for the accrued compensated absences when earned.

*Deferred Outflows and Inflows of Resources* – In addition to assets, the statement of financial position and the fund balance sheet report a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District's deferred outflows of resources relate to the deferred loss on refunding and the District's pension and other post-employment benefits ("OPEB") plans.

In addition to liabilities, the statement of financial position and the fund balance sheet report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources in the governmental fund financial statements include property taxes earned but not available as current financial resources and the District's pension and OPEB plans..

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

## Sheridan School District No. 2

### Notes to Financial Statements

June 30, 2021

#### Note 1: Summary of Significant Accounting Policies (Continued)

##### **Assets, Liabilities and Fund Balances/Net Position** (Continued)

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

*Postemployment Benefits Other Than Pensions (OPEB)* - The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP), and additions to and deductions from the FNP of the HCTF's 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.

*Net Position/Fund Balances* - GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB No. 54"). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB No. 54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

Nonspendable – amounts associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned).

Restricted – amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed - amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the District's highest level of decision-making authority). This fund balance reporting is required by the School Board, either because of a School Board Policy in the School Board Policy Manual, or because of motions that passed at School Board meetings

Assigned - amounts intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed. This fund balance reporting occurs by School Board Administration authority under the direction of the District's Chief Business Officer

## Sheridan School District No. 2

### Notes to Financial Statements

June 30, 2021

#### Note 1: Summary of Significant Accounting Policies (Continued)

##### Assets, Liabilities and Fund Balances/Net Position (Continued)

Unassigned - the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed.

The District has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the District uses restricted fund balance first, followed by committed, assigned, and unassigned balances. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

##### Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent calendar year. Taxes are payable in full on April 30, or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the District on a monthly basis. When taxes become delinquent, the property is sold on the tax sale date.

##### Subsequent Events

The District has evaluated subsequent events through February 23, 2022, the date the financial statements were available to be issued.

#### Note 2: Cash and Investments

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

Cash	\$	1,800
Deposits		3,250,846
Cash with County Treasurer		299,683
Local government investment pool		<u>7,712,191</u>
Total	\$	<u><u>11,264,520</u></u>

## Sheridan School District No. 2

### Notes to Financial Statements

June 30, 2021

#### **Note 2: Cash and Investments (Continued)**

##### **Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2021, the District had bank deposits of \$1,768,527 collateralized with securities held by the financial under the PDPA.

##### **Investments**

The District is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

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

*Fair value* - The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

*Interest Rate Risk* - State statutes generally limit the maturity of investment securities to five years from the date of purchase unless the governing board authorizes the investment for a period in excess of five years.

*Credit Risk* - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

*Concentration of Credit Risk* - State statutes do not limit the amount the District may invest in a single issuer of investment securities, except for corporate securities.

## Sheridan School District No. 2

### Notes to Financial Statements

June 30, 2021

#### Note 2: Cash and Investments (Continued)

##### Investments (Continued)

*Local Government Investment Pools* - At June 30, 2021, the District had \$6,711,781 invested in the Colorado Local Government Liquid Asset Trust (Colostrust). The pool is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. The pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7. The pools are measured at the net asset value per share, with each share valued at \$1. The pools are rated AAAM by Standard and Poor's. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

#### Note 3: Interfund Balances and Transactions

Transactions between the various funds of the District can result in receivables and payables at year-end. Interfund receivable and payable balances at June 30, 2021 were:

	Due To			Total
	General	Designated Purposes Grants	Nonmajor Governmental	
<b>Due From</b>				
General	\$ -	\$ -	\$ 1,088,137	\$ 1,088,137
Designated Purposes Grants	439,477	-	-	439,477
Nonmajor Governmental	<u>(12,815)</u>	-	-	<u>(12,815)</u>
<b>Total</b>	<u>\$ 426,662</u>	<u>\$ -</u>	<u>\$ 1,088,137</u>	<u>\$ 1,514,799</u>

During the course of normal operations, the District transfers resources between funds to finance various programs reported in other funds. During the year ended June 30, 2021 the District transferred \$4,250,000 from the General Fund to the Food Service (\$250,000) and Capital Projects – Capital Reserve (\$4,000,000) funds.

**Sheridan School District No. 2**  
Notes to Financial Statements  
June 30, 2021

**Note 4: Capital Assets**

Capital asset activity for the year ended June 30, 2021, is summarized below.

<b>Governmental Activities</b>	<b>Balance 6/30/20</b>	<b>Additions</b>	<b>Transfers</b>	<b>Deletions</b>	<b>Balance 6/30/21</b>
<i>Capital Assets, Not Being Depreciated</i>					
Land	\$ 344,685	\$ -	\$ -	\$ -	\$ 344,685
Construction in Progress	1,738,879	-	(598,283)	-	1,140,596
<b>Total Capital Assets, Not Being Depreciated</b>	<b>2,083,564</b>	<b>-</b>	<b>(598,283)</b>	<b>-</b>	<b>1,485,281</b>
<i>Capital Assets, Being Depreciated</i>					
Buildings and Site Improvements	57,008,130	2,688,009	598,283	-	60,294,422
Equipment and vehicles	6,095,593	651,865	-	-	6,747,458
Equipment - food services	489,710	-	-	-	489,710
<b>Total Capital Assets, Being Depreciated</b>	<b>63,593,433</b>	<b>3,339,874</b>	<b>598,283</b>	<b>-</b>	<b>67,531,590</b>
<i>Less Accumulated Depreciation</i>					
Buildings and Site Improvements	(18,075,977)	(1,548,591)	-	-	(19,624,568)
Equipment and vehicles	(4,626,122)	(282,975)	-	-	(4,909,097)
Equipment - food services	(420,547)	(12,874)	-	-	(433,421)
	(23,122,646)	(1,844,440)	-	-	(24,967,086)
<b>Total Capital Assets, Being Depreciated, net</b>	<b>40,470,787</b>	<b>1,495,434</b>	<b>598,283</b>	<b>-</b>	<b>42,564,504</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 42,554,351</b>	<b>\$ 1,495,434</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 44,049,785</b>

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

Instruction	\$ 1,736,988
Supporting Services	107,452
<b>Total</b>	<b>\$ 1,844,440</b>

**Note 5: Long-Term Debt**

Following is a summary of long-term debt transactions for the year ended June 30, 2021.

<b>Governmental Activities</b>	<b>Balance 6/30/20</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6/30/21</b>	<b>Due Within One Year</b>
2012 GO BEST Bonds	\$ 4,638,489	\$ -	\$ (296,891)	\$ 4,341,598	\$ 305,816
2013 GO Refunding Bonds	8,080,065	-	(120,000)	7,960,065	125,000
2015 GO Refunding Bonds	4,190,000	-	(780,000)	3,410,000	805,000
Bond Premium	528,819	-	(291,314)	237,505	-
Capital Lease Obligations	59,494	-	(20,191)	39,303	21,153
Deferred Refunding	(1,032,331)	-	591,800	(440,531)	-
Compensated Absences	354,347	194,691	(354,347)	194,691	-
<b>Total</b>	<b>\$ 16,818,883</b>	<b>\$ 194,691</b>	<b>\$ (1,270,943)</b>	<b>\$ 15,742,631</b>	<b>\$ 1,256,969</b>

## Sheridan School District No. 2

### Notes to Financial Statements

June 30, 2021

#### **Note 5: Long-Term Debt** (Continued)

Compensated absences are expected to be liquidated primarily with revenues of the General Fund.

#### **General Obligation Bonds**

##### ***Series 2012 BEST Matching Bond***

A General Obligation Bond (Series 2012) with a par value of \$6,490,426 was issued December 6, 2012, to the State of Colorado for the purpose of matching a State of Colorado BEST Grant. Interest at a coupon rate of 3.005898% is payable each June 1 and December 1. Bond principal was due beginning December 1, 2013, and each year thereafter. Bonds of the issue maturing in the years 2022 and thereafter are redeemable at the option of the District, in whole but not in part, at a redemption price equal to the principal amount thereof and a premium of 3.0% of the principal amount so redeemed, plus accrued interest to the redemption date.

The purpose of the bond was to pay matching monies to the State of Colorado under the Building Excellent Schools Today program. The combined funds were used for the construction and improvement of District facilities.

##### ***Series 2013 General Obligation Refunding Bonds***

On April 25, 2013, the District issued \$7,850,000 in General Obligation Refunding Bonds with interest from 2.00% to 3.5% to advance refund a portion of outstanding 2007 General Obligation Refunding Bonds bearing interest rates ranging from 4.10% to 5.0%. This issuance included \$7,820,000 of Current Interest Bonds and \$30,000 of Capital Appreciation Bonds. Bond principal is due beginning June 1, 2013, and each year thereafter. Property taxes collected by the Debt Service Fund are used to retire this bond issue. The maturity date of the bonds is June 1, 2032. Refunding proceeds of \$9,444,258 were deposited with an escrow agent to provide debt service payments of \$7,850,000 in principal and \$822,750 in interest on the 2007 Series bonds. As a result, the portion of the 2007 bonds is considered to be defeased and the liability for the issue has been removed from the District financial statements.

The District completed the advance refunding to reduce the total debt service payment over the next 7 years by \$718,443 and to obtain an economic gain (difference between the present value of the old and the new debt service payments) of \$549,783.

A deferred refunding was recorded in the amount of \$1,414,800 due to the difference between the reacquisition price and the carrying amount of the old debt (including unamortized premium). The deferred refunding is amortized against the interest costs of 2013 refunding issue.

## Sheridan School District No. 2

### Notes to Financial Statements

June 30, 2021

#### Note 5: Long-Term Debt (Continued)

##### ***Series 2015 General Obligation Refunding Bonds***

On March 26, 2015, the District issued \$5,000,000 in General Obligation Refunding Bonds with interest at 2.00% to 4.00% to advance refund the outstanding 2007 General Obligation Refunding Bonds that bore interest rates ranging from 4.10% to 4.25%. Bond principal is due beginning June 1, 2015, and each year thereafter. Property taxes collected by the Debt Service Fund are used to retire this bond issue. The maturity date of the bonds is June 1, 2025. Refunding proceeds of \$5,547,675 were deposited with an escrow agent to provide debt service payments of \$5,015,000 in principal and \$1,706,841 in interest on the 2007 Series bonds. As a result, the 2007 bonds are considered to be defeased and the liability for the issue has been removed from the District's financial statements.

The District completed the advance refunding to reduce the total debt service payment over the next 9 years by \$268,350 and to obtain an economic gain (difference between the present value of the old and the new debt service payments) of \$241,492.

A deferred refunding was recorded in the amount of \$335,406 due to the difference between the reacquisition price and the carrying amount of the old debt (including unamortized premium of \$547,675). The deferred refunding is amortized against the interest costs of 2015 refunding issue.

Debt payments to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,235,816	\$ 497,483	\$ 1,733,299
2023	7,780,008	452,202	8,232,210
2024	1,189,477	177,766	1,367,243
2025	1,189,477	133,266	1,322,743
2026	1,332,939	86,868	1,419,807
2027-2031	2,427,323	357,189	2,784,512
2031-2036	556,623	20,032,894	20,589,517
Total	<u>\$ 15,711,663</u>	<u>\$ 21,737,668</u>	<u>\$ 37,449,331</u>

##### **Advance Refunding**

As mentioned previously, the District defeased its 2007 General Obligation Refunding Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. On June 30, 2021, \$11,185,000 of bonds outstanding are considered defeased.

## Sheridan School District No. 2

### Notes to Financial Statements

June 30, 2021

#### Note 5: Long-Term Debt (Continued)

##### Advance Refunding

As mentioned previously, the District defeased its 2007 General Obligation Refunding Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. On June 30, 2021, \$11,185,000 of bonds outstanding are considered defeased.

##### Capital Leases Payable

During fiscal year 2018, the District entered into a capital lease to purchase seventeen copiers. Notwithstanding the fact that the District may elect not to renew the agreement in any year, it is the present intention of the District that the agreement will be renewed annually until full rights to the copiers are acquired. The annual interest rate is 7.90% with monthly payments of \$1,959.

The future minimum lease obligation and net present value of the minimum lease payments as of June 30, 2021, are as follows:

<u>Year Ended June 30,</u>	
2022	23,504
2023	19,588
Total Future Minimum Lease Payments	<u>43,092</u>
Less: Interest	<u>(3,789)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 39,303</u>

**Sheridan School District No. 2**  
Notes to Financial Statements  
June 30, 2021

**Note 6: Fund Balances**

Fund Balance classification by fund as of June 30, 2021 is as follows:

	<u>General</u>	<u>Designated Purposes Grants</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
<b>Nonspendable:</b>				
Inventory	\$ -	\$ -	\$ 21,923	\$ 21,923
Prepaice insurance	589,651	-	-	589,651
	589,651	-	21,923	611,574
<b>Restricted</b>				
TABOR (Emergencies)	439,477	-	-	439,477
Preschool	(12,815)	-	-	(12,815)
Debt service payments	-	-	1,087,490	1,087,490
Technology	-	-	1,351,057	1,351,057
BEST grant reserve	-	-	112,800	112,800
	426,662	-	2,551,347	2,978,009
<b>Committed</b>				
Risk management	584,450	-	-	584,450
Capital Projects	-	-	1,732,907	1,732,907
	584,450	-	1,732,907	2,317,357
<b>Assigned</b>				
Food Service	-	-	481,264	481,264
<b>Unassigned</b>				
	5,671,729	544,912	102,762	6,319,403
<b>Total Fund Balance</b>	<u>\$ 7,272,492</u>	<u>\$ 544,912</u>	<u>\$ 4,890,203</u>	<u>\$ 12,707,607</u>

**Note 7: Risk Management**

The District is exposed to various risks of loss related to torts, thefts of, damage to or destruction of assets; errors or omissions; injuries to employees, or natural disasters. The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**Litigation**

At times, the District may be subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of business. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the District.

## Sheridan School District No. 2

Notes to Financial Statements

June 30, 2021

### **Note 7: Risk Management (Continued)**

#### **Colorado School Districts Self Insurance Pool**

The District belongs to the Colorado School Districts Self-Insurance Pool that was established by the Colorado Association of School Boards ("CASB") to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime and other coverage. The Board of Directors is composed of nine persons who are appointed by the existing Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the Aggregate Pool claims, the cost of administrative and other operating expenses, the number of participants, the adequacy of both operating and reserve funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as Expenditures in the Insurance Reserve Fund.

The District's share in the Pool is not determinable from current information but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2021.

Reporting to the Division of Insurance, as well as an audit and actuary study is conducted annually. These reports may be obtained by contacting the Pool's administrative offices at 6857 South Spruce Street, Centennial, Colorado 80112.

### **Note 8: Defined Benefit Pension Plan**

#### **General Information**

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

## Sheridan School District No. 2

### Notes to Financial Statements

June 30, 2021

#### **Note 8: Defined Benefit Pension Plan (Continued)**

##### **General Information** (Continued)

*Benefits Provided* - 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 under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is 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:

- a) Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- b) 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 annualized into a monthly benefit based on life expectancy and other actuarial factors.

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

- a) Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- b) \$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.

## Sheridan School District No. 2

### Notes to Financial Statements

June 30, 2021

#### **Note 8: Defined Benefit Pension Plan (Continued)**

##### **General Information** (Continued)

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 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 a disability. The disability benefit amount is based on the lifetime retirement benefit formula shown above considering a minimum of twenty 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 in place under which service credit was obtained, and the qualified survivor who will receive the benefits.

*Contributions Provisions as of June 30, 2021* - Eligible employees, the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.00% of their PERA-includable salary during the period of July 01, 2020 through June 30, 2021. The District's contribution rate was 20.90% of covered salaries for July 01, 2020 through June 30, 2021. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 9). Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-208(1)(f).

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. 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 \$2,697,093, for the year ended June 30, 2021.

## Sheridan School District No. 2

### Notes to Financial Statements

June 30, 2021

#### Note 8: Defined Benefit Pension Plan (Continued)

##### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The net pension liability for the SCHDTF was measured at 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 proportion of the net pension liability was based on the District contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and State as a nonemployer contributing entity.

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

At June 30, 2021, the District reported a net pension liability of \$36,853,245, for its proportionate share of the net pension liability. 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 was as follows:

District Proportionate share of net pension liability	\$ 36,853,245
The State's proportionate share of net pension liability as a nonemployer contributing entity associated with the School	<u>-</u>
Proportionate share of the net pension liability	<u>\$ 36,853,245</u>

At December 31, 2020, the District's proportion was 0.2437709134%%, which was an increase of 0.0322300105% from its proportion measured at December 31, 2019.

For the year ended June 30, 2021, the District recognized pension benefit of 6,286,513. There was no support from the State as a nonemployer contributing entity.

## Sheridan School District No. 2

### Notes to Financial Statements

June 30, 2021

#### Note 8: Defined Benefit Pension Plan (Continued)

#### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,024,903	\$ -
Changes of assumptions and other inputs	3,545,168	6,194,715
Net difference between projected and actual earnings on plan investments	-	8,112,231
Changes in proportion	5,161,367	1,495,998
Contributions subsequent to the measurement date	1,544,151	-
Total	\$ 12,275,589	\$ 15,802,944

District contributions subsequent to the measurement date of \$1,544,151 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b><u>Year Ended June 30,</u></b>			
2021		\$	(9,299,632)
2022			(5,352,615)
2023			2,808,612
2024			6,772,129
Total		\$	(5,071,506)

## Sheridan School District No. 2

### Notes to Financial Statements

June 30, 2021

#### Note 8: Defined Benefit Pension Plan (Continued)

##### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

*Actuarial Assumptions* - The actuarial valuation as of December 31, 2019, determined the total pension liability 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	3.5% - 9.7%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate <sup>1</sup>	7.25%
Future post-employment benefit increases:	
Hired prior to 1/1/2007	1.25%
Hired after 12/31/2006	Financed by AIR

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

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

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

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

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

## Sheridan School District No. 2

### Notes to Financial Statements

June 30, 2021

#### Note 8: Defined Benefit Pension Plan (Continued)

##### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

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

Actuarial Cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.4% - 11.0%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate <sup>1</sup>	7.25%
Future post-employment benefit increases:	
Hired prior to 1/1/2007	1.25%
Hired after 12/31/2006	Financed by AIR

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

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

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

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

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

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.

## Sheridan School District No. 2

### Notes to Financial Statements

June 30, 2021

#### Note 8: Defined Benefit Pension Plan (Continued)

##### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

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

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

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

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

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

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

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

## Sheridan School District No. 2

### Notes to Financial Statements

June 30, 2021

#### Note 8: Defined Benefit Pension Plan (Continued)

##### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

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

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

- 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 reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

## Sheridan School District No. 2

Notes to Financial Statements

June 30, 2021

### Note 8: Defined Benefit Pension Plan (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

- Benefit payments and contributions were assumed to be made at the middle of the year.

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

*Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* - The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 50,270,845	\$ 36,853,245	\$ 25,671,963

*Pension Plan Fiduciary Net Position* - Detailed information about the SCHDTF's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

### Note 9: Postemployment Healthcare Benefits

**General Information**

*Plan Description* - Eligible employees of the District are provided with postemployment benefits other than pensions (OPEB) through the HCTF, a cost-sharing multiple-employer defined benefit OPEB plan administered by the Public Employees' Retirement Association of Colorado (PERA). The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), 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. PERA issues a publicly available comprehensive annual financial report (Annual report) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

## Sheridan School District No. 2

### Notes to Financial Statements

June 30, 2021

#### **Note 9: Postemployment Healthcare Benefits (Continued)**

##### **General Information** (Continued)

*Benefits Provided* - The HCTF provides a healthcare 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 over 65 years of age or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

## Sheridan School District No. 2

### Notes to Financial Statements

June 30, 2021

#### **Note 9: Postemployment Healthcare Benefits (Continued)**

##### **General Information** (Continued)

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

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

*Contributions* - Pursuant to Title 24, Article 51, Section 208(1)(f) of the CRS, as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the School Division are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District was \$131,628 for the year ended June 30, 2021.

##### **OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2021, the District reported a liability of \$1,339,798 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured at 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's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year ended December 31, 2020, relative to the contributions of all participating employers to the HCTF. At December 31, 2020, the District's proportion was 0.1409979876%, which was an increase of 0.0027934339% from its proportion measured at December 31, 2019.

## Sheridan School District No. 2

### Notes to Financial Statements

June 30, 2021

#### Note 9: Postemployment Healthcare Benefits (Continued)

##### **OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

For the year ended June 30, 2021, the District recognized OPEB expense of \$94,178. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 3,557	\$ 294,555
Changes in assumptions and other inputs	10,011	82,155
Net difference between projected and actual earnings on plan investments	-	54,745
Changes in proportion	92,420	28,099
Contributions subsequent to the measurement date	79,227	-
Total	\$ 185,215	\$ 459,554

District contributions subsequent to the measurement date of \$79,227 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<b><u>Year Ended June 30,</u></b>			
2021		\$	(87,819)
2022			(80,156)
2023			(87,130)
2024			(67,128)
2025			(30,558)
Thereafter			(775)
Total		\$	(353,566)

## Sheridan School District No. 2

### Notes to Financial Statements

June 30, 2021

#### Note 9: Postemployment Healthcare Benefits (Continued)

##### OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (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	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
<i>PERA Benefit Structure</i>	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
8.1% in 2020, gradually decreasing to 4.5% in 2029	
Medicare Part A premiums:	
3.5% in 2020, gradually increasing to 4.5% in 2029	
<i>DPS Benefit Structure</i>	
Service-based premium subsidy	0.0%
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 Advantage/Self-Insured Rx - Monthly Cost of \$558, Monthly Premium of \$227, Monthly Costs Adjusted to Age 65 of \$550.
- Kaiser Permanente Medicare Advantage HMO - Monthly Cost of \$621, Monthly Premium of \$232, Monthly Costs Adjusted to Age 65 of \$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.

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.

## Sheridan School District No. 2

Notes to Financial Statements

June 30, 2021

### Note 9: Postemployment Healthcare Benefits (Continued)

#### **OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

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.

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 are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table. The mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions for the District 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.

## Sheridan School District No. 2

### Notes to Financial Statements

June 30, 2021

#### Note 9: Postemployment Healthcare Benefits (Continued)

##### **OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

Actuarial Cost method	Entry age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.4% - 11.0%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%

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.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee 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.

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.

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

The following health care costs assumptions were updated and used in the roll forward calculation for the HCTF:

## Sheridan School District No. 2

### Notes to Financial Statements

June 30, 2021

#### Note 9: Postemployment Healthcare Benefits (Continued)

##### **OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020] plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

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

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

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

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized, as presented previously (see Note 8).

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

## Sheridan School District No. 2

Notes to Financial Statements

June 30, 2021

### Note 9: Postemployment Healthcare Benefits (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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% 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%.

*Sensitivity of the District's proportionate share of 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%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 1,534,763	\$ 1,339,798	\$ 1,173,216

## Sheridan School District No. 2

Notes to Financial Statements

June 30, 2021

### Note 9: Postemployment Healthcare Benefits (Continued)

#### OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

*Sensitivity of the District's proportionate share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates* - The following presents the net OPEB liability using the current healthcare cost trend rates, ranging from 2.5% to 9.1%, as well as if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Proportionate share of the net OPEB liability	\$ 1,305,169	\$ 1,339,798	\$ 1,380,111

*OPEB Plan Fiduciary Net Position* - Detailed information about the HCTF's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

### Note 10: Commitments and Contingencies

#### Claims and Judgments

The District participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. At June 30, 2021, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

#### Capital Reserve

The District was awarded a Building Excellent Districts Today (BEST) grant from the State of Colorado (See Note 5). In accordance with the related State statutes, the District is required to establish a capital reserve for the purpose of replacing major facility systems such as roofs, interior finishes, electrical systems and heating, ventilating, and air conditioning systems. At a minimum, the District must contribute \$100 per pupil in the impacted facilities annually to the capital reserve. The capital fund balance remains at \$200,000 as of June 30, 2021.

## Sheridan School District No. 2

### Notes to Financial Statements

June 30, 2021

#### **Note 10: Commitments and Contingencies** (Continued)

##### **TABOR Amendment**

In November 1992, Colorado voters passed the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The District is subject to the Amendment.

In November 1999, voters within the District authorized the District to collect, retain, and expend all excess revenues and other funds received from every source, without limitation, in the 1999-2000 budget year and each subsequent budget year thereafter without future voter approval, notwithstanding the limitations of the Amendment. The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment.

In accordance with the Amendment, the District has established a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2021, the reserve was reported as restricted fund balance in the General Fund, in the amount of \$1,111,000.

##### **Coronavirus Pandemic**

During the year ended June 30, 2021, the United States of America and the State of Colorado have declared an emergency associated with the Coronavirus pandemic. The District has been economically impacted by the event, however the full economic effect has yet to be determined.

#### **Note 11: Subsequent Events**

On September 28, 2021, the District issued \$7,025,000 in General Obligation Refunding Bonds with interest at 1.93% to advance refund the outstanding 2013 General Obligation Refunding Bonds that bore interest rates ranging from 4.10% to 5.00%. Bond principal is due beginning June 1, 2022, and each year thereafter. Property taxes collected by the Debt Service Fund are used to retire this bond issue. The maturity date of the bonds is June 1, 2032. Refunding proceeds of were deposited with an escrow agent to provide debt service payments of \$7,025,000 in principal and \$897,755 in interest on the 2013 Series bonds.

## **Required Supplementary Information**

## **Supplementary Information**

**Sheridan School District No. 2**  
 Required Supplementary Information  
 Schedule of Proportionate Share of the Net Pension Liability and Contributions  
 Public Employees' Retirement Association of Colorado School Division Trust Fund  
 June 30, 2021

	12/31/20	12/31/19	12/31/18
<b>Proportionate Share of the Net Pension Liability</b>			
District's Proportion of the Net Pension Liability	0.2437709134%	0.2115409029%	0.2049556728%
District's Proportionate Share of the Net Pension Liability	\$ 36,853,245	\$ 31,603,752	\$ 36,291,612
State's Proportionate Share of the Net Pension Liability	-	4,008,534	4,962,374
Total Proportionate Share of the Net Pension Liability	\$ 36,853,245	\$ 35,612,286	\$ 41,253,986
District's Covered Payroll	\$ 13,038,733	\$ 12,426,776	\$ 10,663,047
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	444%	254%	340%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67%	65%	44%
	6/30/21	6/30/20	6/30/19
<b>District Contributions</b>			
Statutorily Required Contribution	\$ 2,565,465	\$ 2,549,371	\$ 2,200,683
Contributions in Relation to the Statutorily Required Contribution	(2,565,465)	(2,549,371)	(2,200,683)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 12,904,749	\$ 13,154,653	\$ 11,503,833
Contributions as a Percentage of Covered Payroll	19.88%	19.38%	19.13%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

(Continued)

**Sheridan School District No. 2**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of the Net Pension Liability and Contributions**  
**Public Employees' Retirement Association of Colorado School Division Trust Fund**  
**June 30, 2021**  
*(Continued)*

	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>	<u>12/31/13</u>
<b>Proportionate Share of the Net Pension Liability</b>					
District's Proportion of the Net Pension Liability	0.2455000000%	0.2477000000%	0.2455000000%	0.2568000000%	0.2778000000%
District's Proportionate Share of the Net Pension Liability	\$ 79,390,254	\$ 72,868,157	\$ 37,539,888	\$ 34,810,369	\$ 35,438,567
State's Proportionate Share of the Net Pension Liability	-	-	-	-	-
Total Proportionate Share of the Net Pension Liability	<u>\$ 79,390,254</u>	<u>\$ 72,868,157</u>	<u>\$ 37,539,888</u>	<u>\$ 34,810,369</u>	<u>\$ 35,438,567</u>
District's Covered Payroll	\$ 11,195,685	\$ 11,150,147	\$ 10,745,911	\$ 10,749,750	\$ 10,817,510
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	709%	654%	349%	324%	328%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	44%	43%	59%	63%	64%
	<u>6/30/18</u>	<u>6/30/17</u>	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/14</u>
<b>District Contributions</b>					
Statutorily Required Contribution	\$ 2,044,977	\$ 1,899,959	\$ 1,806,221	\$ 1,728,454	\$ 1,740,308
Contributions in Relation to the Statutorily Required Contribution	<u>(2,044,977)</u>	<u>(1,899,959)</u>	<u>(1,806,221)</u>	<u>(1,728,454)</u>	<u>(1,740,308)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 11,195,685	\$ 11,150,147	\$ 10,754,911	\$ 10,749,750	\$ 11,499,037
Contributions as a Percentage of Covered Payroll	18.27%	17.04%	16.79%	16.08%	15.13%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

**Sheridan School District No. 2**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of the Net OPEB Liability and Contributions**  
**Public Employees' Retirement Association of Colorado Health Care Trust Fund**  
**June 30, 2021**

	<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>
<b>Proportionate Share of the Net OPEB Liability</b>					
District's Proportion of the Net OPEB Liability	0.1409979876%	0.1382045537%	0.1332567530%	0.1395000000%	0.1391000000%
District's Proportionate Share of the Net OPEB Liability	\$ 1,339,798	\$ 1,553,416	\$ 1,812,591	\$ 1,812,917	\$ 1,803,608
District's Covered Payroll	\$ 13,038,733	\$ 12,426,776	\$ 10,663,047	\$ 11,195,685	\$ 11,150,147
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	10%	13%	17%	16%	16%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24%	24%	17%	18%	17%
<b>District's Contributions</b>					
Statutorily Required Contribution	\$ 131,628	\$ 134,178	\$ 117,892	\$ 114,196	\$ 113,732
Contributions in Relation to the Statutorily Required Contribution	<u>(131,628)</u>	<u>(134,178)</u>	<u>(117,892)</u>	<u>(114,196)</u>	<u>(113,732)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 12,904,749	\$ 13,154,653	\$ 11,503,833	\$ 11,195,685	\$ 11,150,147
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

**Sheridan School District No. 2**  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
<i>Local Sources</i>				
Property Taxes	\$ 7,954,001	\$ 7,951,856	\$ 8,797,018	\$ 845,162
Specific Ownership Taxes	330,781	404,494	881,721	477,227
Earnings on Investments	84,000	25,000	13,387	(11,613)
Tuition	120,000	80,000	129,578	49,578
Other Revenues	316,666	375,000	543,691	168,691
<b>Total Local Sources</b>	<u>8,805,448</u>	<u>8,836,350</u>	<u>10,365,395</u>	<u>1,529,045</u>
<i>Intergovernmental</i>				
State Equalization and Hold Harmless	7,297,376	6,515,786	7,481,723	965,937
Transportation	123,805	146,299	154,139	7,840
Vocational Education	-	19,295	-	(19,295)
Special Education	326,791	297,231	446,645	149,414
Additional At-Risk Funding	16,252	16,252	14,052	(2,200)
English Language Proficiency Act (ELPA)	161,065	148,632	148,632	-
Gifted and talented	31,323	31,019	31,019	-
Read Act	65,199	65,377	38,424	(26,953)
Other State Sources (CDE)	-	-	766,436	766,436
<b>Total State Sources</b>	<u>8,021,811</u>	<u>7,239,891</u>	<u>9,081,070</u>	<u>1,841,179</u>
<i>Federal Sources</i>				
Medicaid	420,625	325,000	291,436	(33,564)
<b>Total Revenue</b>	<u>17,247,884</u>	<u>16,401,241</u>	<u>19,737,901</u>	<u>3,336,660</u>
<b>Expenditures</b>				
<i>Instruction</i>				
	9,043,243	7,768,440	7,435,026	333,414
<i>Supporting Services</i>				
Student Support	765,681	762,532	731,953	30,579
Instructional Staff	1,087,213	1,010,884	2,428,280	(1,417,396)
General Administration	516,623	539,840	546,826	(6,986)
School Administration	1,125,721	1,048,081	1,129,021	(80,940)
Business Services	463,332	565,775	599,793	(34,018)
Operations and Maintenance	2,285,099	2,508,771	2,263,806	244,965
Student Transportation	795,780	730,669	682,181	48,488
Community Service	195,800	124,249	117,350	6,899
Central Support	1,480,944	1,660,859	1,519,885	140,974
<b>Total Supporting Services</b>	<u>8,716,193</u>	<u>8,951,660</u>	<u>10,019,095</u>	<u>(1,067,435)</u>
<i>Debt Service</i>				
Principal	-	-	19,551	(19,551)
Interest and Fiscal Charges	-	-	3,953	(3,953)
<b>Reserves</b>	<u>5,028,379</u>	<u>4,508,507</u>	<u>-</u>	<u>4,508,507</u>
<b>Total Expenditures</b>	<u>\$ 22,787,815</u>	<u>\$ 21,228,607</u>	<u>\$ 17,477,625</u>	<u>\$ 3,750,982</u>

(Continued)

**Sheridan School District No. 2**  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2021  
 (Continued)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Excess Revenues Over (Under) Expenditures</b>	\$ (5,539,931)	(4,827,366)	2,260,276	\$ 7,087,642
<b>Other Financing Sources (Uses)</b>				
Transfers	<u>(2,500,000)</u>	<u>(4,264,263)</u>	<u>(4,250,000)</u>	<u>14,263</u>
<b>Net Change in Fund Balance</b>	(8,039,931)	(9,091,629)	(1,989,724)	7,101,905
<b>Fund Balance, Beginning of year</b>	<u>8,039,930</u>	<u>9,091,629</u>	<u>9,262,216</u>	<u>170,587</u>
<b>Fund Balance, End of year</b>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 7,272,492</u>	<u>\$ 7,272,492</u>

**Sheridan School District No. 2**  
 Budgetary Comparison Schedule  
 Grants Fund  
 For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>				
Federal Sources	\$ 5,000,000	\$ 7,370,578	\$ 6,606,057.00	\$ (764,521)
State Sources	1,200,000	3,853,796	1,828,530.00	(2,025,266)
Local Sources	98,758	772,160	3,550.00	(768,610)
<b>Total Revenues</b>	<u>6,298,758</u>	<u>11,996,534</u>	<u>8,438,137</u>	<u>(3,558,397)</u>
<b>Expenditures</b>				
Instruction	2,330,540	5,398,440	3,251,607	2,146,833
Supporting Services				
Student Support	3,968,218	6,598,094	988,140.00	5,609,954
Instructional Staff	-	-	1,684,836.00	(1,684,836)
General Administration	-	-	276,639.00	(276,639)
School Administration	-	-	172,256.00	(172,256)
Business Services	-	-	10,843.00	(10,843)
Operations and Maintenance	-	-	1,045,821.00	(1,045,821)
Student Transportation	-	-	104,475.00	(104,475)
Community Services	-	-	143,980	(143,980)
Central Support	-	-	117,932	(117,932)
Supplies and Materials	-	-	97,251.00	(97,251)
<b>Total Expenditures</b>	<u>6,298,758</u>	<u>11,996,534</u>	<u>7,893,780</u>	<u>4,102,754</u>
<b>Net Change in Fund Balance</b>	-	-	544,357	(7,661,151)
<b>Fund Balance, Beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 544,357</u>	<u>\$ (7,661,151)</u>

**Sheridan School District No. 2**  
Notes to Required Supplementary Information  
June 30, 2021

**Note 1: Schedule of Proportionate Share of the Net Pension Liability and Contributions**

The Public Employees' Retirement Association of Colorado (PERA) School Division Trust Fund's net pension liability and associated amounts are measured annually at December 31, based on an actuarial valuation as of the previous December 31. The District's contributions and related ratios represent cash contributions and any related accruals that coincide with the District's fiscal year ending on June 30.

**Changes in Assumptions and Other Inputs**

For the year ended June 30, 2021, the total pension liability was determined by an actuarial valuation as of December 31, 2019. The following revised economic and demographic assumptions were effective as of December 31, 2019.

- Investment rate of return assumption of 7.25% per year, compounded annually. This assumption did not change from the prior year.
- Price inflation assumption of 2.4% per year. This assumption did not change from the prior year.
- Real rate of investment return assumption of 4.85% per year, net of investment expenses. The rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date was 7.25%. This assumption did not change from prior year.
- Wage inflation assumption of 3.5% per year. This assumption did not change from the prior year.
- Healthy and disabled mortality assumptions are based on the RP-2014 Mortality Tables.

**Note 2: Stewardship, Compliance and Accountability**

**Budgetary Information**

Budgets are adopted for all funds on a basis consistent with generally accepted accounting principles. The District adheres to the following procedures to establish the budgetary information reported in the financial statements.

- Management submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- All budget appropriations lapse at fiscal year-end.

**Sheridan School District No. 2**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2021**

	Special Revenue		Debt Service	Capital Projects		Total
	Food Service	Pupil Activity	Bond Redemption	Techonology	Capital Reserve	
<b>Assets</b>						
Cash and Investments	\$ -	\$ 117,638	\$ 1,162,072	\$ 1,606,556	\$ -	\$ 2,886,266
Accounts Receivables	108,166	-	-	-	-	108,166
Taxes Receivable	-	-	74,003	-	-	74,003
Interfund Receivables	404,914	-	-	-	1,845,707	2,250,621
Inventories	21,923	-	-	-	-	21,923
<b>Total Assets</b>	<b>\$ 535,003</b>	<b>\$ 117,638</b>	<b>\$ 1,236,075</b>	<b>\$ 1,606,556</b>	<b>\$ 1,845,707</b>	<b>\$ 5,340,979</b>
<b>Liabilities and Fund Balances</b>						
<i>Liabilities</i>						
Accounts Payable	\$ 14,085	\$ (16)	\$ -	\$ -	\$ -	\$ 14,069
Accrued Salaries and Benefits	17,731	-	-	-	-	17,731
Interfund Payables	-	14,892	67,453	255,499	-	337,844
<b>Total Liabilities</b>	<b>31,816</b>	<b>14,876</b>	<b>67,453</b>	<b>255,499</b>	<b>-</b>	<b>369,644</b>
<b>Deferred Inflows of Resources</b>						
Property Taxes	-	-	81,132	-	-	81,132
<i>Fund Balances</i>						
Nonspendable Inventories	21,923	-	-	-	-	21,923
Restricted	-	-	1,087,490	1,351,057	112,800	2,551,347
Committed	-	-	-	-	1,732,907	1,732,907
Assigned	481,264	102,762	-	-	-	584,026
<b>Total Fund Balances</b>	<b>503,187</b>	<b>102,762</b>	<b>1,087,490</b>	<b>1,351,057</b>	<b>1,845,707</b>	<b>4,890,203</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 535,003</b>	<b>\$ 117,638</b>	<b>\$ 1,236,075</b>	<b>\$ 1,606,556</b>	<b>\$ 1,845,707</b>	<b>\$ 5,340,979</b>

## Sheridan School District No. 2

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2021

	Special Revenue		Debt Service	Capital Projects		Total
	Food Service	Student Activity	Bond Redemption	Technology	Capital Reserve	
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ 1,752,075	\$ -	\$ -	\$ 1,752,075
Intergovernmental	477,789	-	-	-	-	477,789
Earnings on Investments	-	-	1,611	999	-	2,610
Other	9,896	41,098	-	-	-	50,994
<b>Total Revenues</b>	<u>487,685</u>	<u>41,098</u>	<u>1,753,686</u>	<u>999</u>	<u>-</u>	<u>2,283,468</u>
<b>Expenditures</b>						
Current						
Instruction	-	25,759	-	-	-	25,759
Supporting Services						
Operations and maintenance	-	-	-	-	477,835	477,835
Food Service	561,679	-	-	-	-	561,679
Debt service						
Principal	-	-	1,196,891	-	-	1,196,891
Interest and Fiscal Charges	-	-	537,540	-	-	537,540
Capital Outlays	-	-	-	-	2,505,324	2,505,324
<b>Total Expenditures</b>	<u>561,679</u>	<u>25,759</u>	<u>1,734,431</u>	<u>-</u>	<u>2,983,159</u>	<u>5,305,028</u>
<b>Revenues Over (Under) Expenditures</b>	(73,994)	15,339	19,255	999	(2,983,159)	(3,021,560)
<b>Transfers In (Out)</b>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000,000</u>	<u>4,250,000</u>
<b>Net Change in Fund Balance</b>	<u>176,006</u>	<u>15,339</u>	<u>19,255</u>	<u>999</u>	<u>1,016,841</u>	<u>1,228,440</u>
<b>Fund Balances, Beginning of year</b>	<u>327,181</u>	<u>87,423</u>	<u>1,068,235</u>	<u>1,350,058</u>	<u>828,866</u>	<u>3,661,763</u>
<b>Fund Balances, End of year</b>	<u>\$ 503,187</u>	<u>\$ 102,762</u>	<u>\$ 1,087,490</u>	<u>\$ 1,351,057</u>	<u>\$ 1,845,707</u>	<u>\$ 4,890,203</u>

**Sheridan School District No. 2**  
 Budgetary Comparison Schedule  
 Food Service Fund  
 For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Food Sales	\$ 16,000	\$ 2,000	\$ 9,896	\$ 7,896
<i>State Sources</i>				
State Revenue	10,000	13,400	8,446	(4,954)
<i>Federal Sources</i>				
USDA Commodity Food Program	55,000	-	52,015	52,015
USDA Reimbursements	496,960	320,527	417,328	96,801
<b>Total Revenues</b>	<u>577,960</u>	<u>335,927</u>	<u>487,685</u>	<u>151,758</u>
<b>Expenditures</b>				
Salaries	351,910	296,141	287,257	8,884
Benefits	152,875	120,955	99,984	20,971
Purchased Services	6,361	37,000	30,386	6,614
Supplies and materials	324,949	416,890	144,052	272,838
Capital outlay	-	28,000	-	28,000
<b>Total Expenditures</b>	<u>836,095</u>	<u>898,986</u>	<u>561,679</u>	<u>337,307</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(258,135)	(563,059)	(73,994)	489,065
<b>Other Financing Sources</b>				
Transfers	-	250,000	250,000	-
<b>Net Change in Fund Balance</b>	(258,135)	(313,059)	176,006	489,065
<b>Fund Balance, Beginning of year</b>	<u>258,136</u>	<u>313,059</u>	<u>327,181</u>	<u>14,122</u>
<b>Fund Balance, End of year</b>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 503,187</u>	<u>\$ 503,187</u>

**Sheridan School District No. 2**  
 Budgetary Comparison Schedule  
 Student Activity Fund  
 For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
<i>Local Sources</i>				
Other Rev	\$ 100,000	\$ 100,000	\$ 41,098	\$ (58,902)
Total Revenues	100,000	100,000	41,098	(58,902)
<b>Expenditures</b>				
Instruction	110,000	110,000	25,759	84,241
Reserves	70,087	78,562	-	78,562
Total Expenditures	180,087	188,562	25,759	162,803
<b>Net Change in Fund Balance</b>	(80,087)	(88,562)	15,339	103,901
<b>Fund Balance, Beginning of year</b>	80,087	88,562	87,423	(1,139)
<b>Fund Balance, End of year</b>	\$ -	\$ -	\$ 102,762	\$ 102,762

**Sheridan School District No. 2**  
 Budgetary Comparison Schedule  
 Bond Redemption Fund  
 For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
<i>Local Sources</i>				
Property Taxes	\$ 1,735,432	\$ 1,735,432	\$ 1,752,075	\$ 16,643
Earnings on Investments	12,000	3,000	1,611	(1,389)
Total Revenues	1,747,432	1,738,432	1,753,686	15,254
<b>Expenditures</b>				
Debt Service				
Principal	1,196,891	1,196,891	1,196,891	-
Interest and Fiscal Charges	538,541	538,541	537,540	1,001
Reserves	1,048,196	1,006,906	-	1,006,906
Total Expenditures	2,783,628	2,742,338	1,734,431	1,007,907
<b>Net Change in Fund Balance</b>	(1,036,196)	(1,003,906)	19,255	1,023,161
<b>Fund Balance, Beginning of year</b>	1,036,196	1,003,906	1,068,235	64,329
<b>Fund Balance, End of year</b>	\$ -	\$ -	\$ 1,087,490	\$ 1,087,490

**Sheridan School District No. 2**  
 Budgetary Comparison Schedule  
 Technology Fund  
 For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
<i>Local Sources</i>				
Earnings on Investments	\$ 9,951	\$ 9,951	\$ 999	\$ (8,952)
Total Revenues	9,951	9,951	999	(8,952)
<b>Expenditures</b>				
Capital Outlay	55,789	59,168	-	59,168
Reserves	1,300,841	1,300,841	-	1,300,841
Total Expenditures	1,356,630	1,360,009	-	1,360,009
<b>Net Change in Fund Balance</b>	(1,346,679)	(1,350,058)	999	1,351,057
<b>Fund Balance, Beginning of year</b>	1,346,679	1,350,058	1,350,058	-
<b>Fund Balance, End of year</b>	\$ -	\$ -	\$ 1,351,057	\$ 1,351,057

**Sheridan School District No. 2**  
 Budgetary Comparison Schedule  
 Capital Reserve Fund  
 For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Expenditures</b>				
Operations and Maintenance	\$ -	\$ -	\$ 477,835	\$ (477,835)
Capital Outlay	2,464,277	4,328,866	2,505,324	1,823,542
Reserves	500,000	500,000	-	500,000
 Total Expenditures	 <u>2,964,277</u>	 <u>4,828,866</u>	 <u>2,983,159</u>	 <u>1,845,707</u>
 <b>Excess of Revenues Over (Under) Expenditures</b>	 (2,964,277)	 (4,828,866)	 (2,983,159)	 1,845,707
 <b>Transfers</b>	 <u>2,500,000</u>	 <u>4,000,000</u>	 <u>4,000,000</u>	 <u>-</u>
 <b>Net Change in Fund Balance</b>	 (464,277)	 (828,866)	 1,016,841	 1,845,707
 <b>Fund Balance, Beginning of year</b>	 <u>464,277</u>	 <u>828,866</u>	 <u>828,866</u>	 <u>-</u>
 <b>Fund Balance, End of year</b>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 1,845,707</u>	 <u>\$ 1,845,707</u>

## **Compliance Section**

## **Single Audit**



**HINKLE &  
COMPANY**  
Strategic PC  
Business Advisors

**Independent Auditors' 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***

Board of Education  
Sheridan School District No. 2  
Englewood, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sheridan School District No. 2 (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, and have issued our report thereon dated February 23, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting 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 on the effectiveness of the District's internal control over financial reporting.

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

Our consideration of the District's internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control 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 report is not suitable for any other purpose.

Hick & Company, PC

Englewood, Colorado  
February 23, 2022





**HINKLE &  
COMPANY**  
Strategic PC  
Business Advisors

**Independent Auditors' Report on Compliance for Each  
Major Federal Program, Internal Control Over Compliance,  
And the Schedule of Expenditures of Federal Awards  
Required by The Uniform Guidance**

Board of Education  
Sheridan School District No. 2  
Englewood, Colorado

**Report on Compliance for Each Major Federal Program**

We have audited Sheridan School District No. 2's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (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 auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of the federal awards applicable to its federal programs.

**Auditors' Responsibility**

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

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

### **Opinion on Each Major Federal Program**

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

### **Report on Internal Control Over Compliance**

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 District's 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.

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 on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District. We issued our report thereon dated February 23, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Hick & Company, PC*

Englewood, Colorado  
February 23, 2022



**Sheridan School District No. 2**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2021

**Section I: Summary of Auditors' Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP): Unmodified

Internal control over financial reporting:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified?  Yes  None Reported

Noncompliance material to the financial statements noted?  Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified?  Yes  None Reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

Identification of major federal program:

<u>CFDA Number</u>	<u>Name of Federal Cluster/Program</u>
84.010	Title I Grants to Local Educational Agencies
93.600	Head Start

Dollar threshold used to distinguish  
 Between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?  Yes  No

**Sheridan School District No. 2**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021

**Section II: Financial Statement Findings**

No current year findings or questioned costs were reported.

**Section III: Federal Award Findings and Questioned Costs**

No current year findings or questioned costs were reported.

**Sheridan School District No. 2**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Transportation</b>				
<i>Passed through Colorado Department of Transportation</i>				
Community Development Block Grants/Entitlement Grants	14.218	4027	\$ 46,496	\$ -
Total U.S. Department of Transportation			<u>46,496</u>	<u>-</u>
<b>U.S. Department of Interior</b>				
<i>Passed through Colorado Department of Local Affairs</i>				
Next Step Generation - Providing Housing for the Homeless	14.231	7231	\$ 33,678	\$ -
Total U.S. Department of Transportation			<u>33,678</u>	<u>-</u>
<b>U.S. Department of Treasury</b>				
<i>Passed through Colorado Department of Education</i>				
Coronavirus Relief Funds (CRF)	21.019	4012, 9012	820,789	-
Coronavirus Relief Funds (CRF) - K-12 At-Risk Pupils	21.019	5012	<u>308,138</u>	<u>-</u>
Total U.S. Department of Treasury			<u>1,128,927</u>	<u>-</u>
<b>U.S. Department of Education</b>				
<i>Passed through Colorado Department of Education</i>				
<i>Special Education Cluster</i>				
Individuals with Disabilities Education Act, Part B (IDEA)	84.027	4027	339,397	-
Individuals with Disabilities Education Act, Part B (IDEA)	84.173	4173	<u>12,711</u>	<u>-</u>
Special Education Cluster Total			<u>352,108</u>	<u>-</u>
Every Student Succeeds Act (ESSA), Title I, Part A	84.010	4010	852,932	-
Every Student Succeeds Act (ESSA), Title II, Part A	84.365	4365	47,298	-
Every Student Succeeds Act (ESSA), Title III, Part A - Title III Set Aside	84.365A	7365	7,957	-
Every Student Succeeds Act (ESSA), Title III, Part A - English Language Acquisition	84.367	4367	71,475	-
Every Student Succeeds Act (ESSA), Title I, Part A - School Improvement Grants	84.377	5010	143,363	-
Every Student Succeeds Act (ESSA), Title IV-A	84.424A	4424	105,373	-
Individuals with Disabilities Education Act (IDEA): Part C Special Education	84.181	5181	419	-
McKinney-Vento Education for Homeless Children and Youth	84.196	5196	94,753	-
<i>Elementary and Secondary School Emergency Relief Fund Cluster</i>				
ESSER II	84.425D	4420	372,930	-
ESSER II - CCSG - HOTSPOT	84.425D	5525	<u>11,358</u>	<u>-</u>
Elementary and Secondary School Emergency Relief Fund Cluster Total			<u>384,288</u>	<u>-</u>
Governor's Emergency Education Relief Fund - CSI Recalculation Funding	84.425C	6425	74,671	-
American Rescue Plan Elementary and Secondary School Emergency Relief Fund (ARP ESSER/ESSER III)	84.425U	4414	173,872	-
American Rescue Plan – Elementary and Secondary School Emergency Relief: Homeless Children and Youth	84.425W	8425	<u>8,000</u>	<u>-</u>
Total U.S. Department of Education			<u>2,316,509</u>	<u>-</u>
<b>U.S. Department of Health and Human Services</b>				
<i>Passed through Colorado Department of Education</i>				
Head Start	93.600	8600	2,735,642	-
Improving Student Health And Academic Achievement Through Nutrition, Physical Activity And The Management Of Chronic Conditions In Schools	93.981	7981	<u>22,601</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>2,758,243</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 6,283,853</u>	<u>\$ -</u>

See Notes to Schedule of Expenditures of Federal Awards.

**Sheridan School District No. 2**  
Notes to Schedule of Expenditures of Federal Awards  
June 30, 2021

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

**Note 2: Noncash Programs**

Commodities donated to the District by the U.S. Department of Agriculture (USDA) of \$74,132 are valued based on the USDA's Donated Commodity Price List. These are shown as part of the National School Lunch Program (10.555).

**Note 3: Indirect Costs**

The District does not charge the 10% de minimis indirect cost rate allowed under Uniform Guidance.

**Sheridan School District No. 2**  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2021

**Section IV – Status of Prior Year Findings**

**Finding 2020-001 Material adjusting journal entries**

Material Weakness in Internal Control over Financial Reporting

*Condition:* During the audit, the predecessor auditor noted there were material adjusting journal entries were proposed to properly report cash and accounts payable balances. In addition, client entries were posted for property taxes receivables and the related deferral, capital assets, and the on-behalf payment from the State for the PERA contributions.

*Current Year Status:* This finding was not repeated during the current year.

**Finding 2020-002 Vendor Change Process**

Significant Deficiency in Internal Control over Financial Reporting

*Condition:* During the audit, District management notified the predecessor auditor that there was a deliberate attempt made to change a vendor's payment information through the use of both voicemail and email. Accounting staff made the change to the vendor payment method from check payment to ACH without verifying the change with the vendor.

*Current Year Status:* This finding was not repeated during the current year.

## **State Compliance**



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 0123 - Sheridan 2  
 Fiscal Year 2020-21  
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	9,561,165	13,959,008	16,247,681	7,272,492
18 Risk Mgmt Sub-Fund of General Fund	-318,125	1,016,318	698,193	0
19 Colorado Preschool Program Fund	19,176	512,575	531,751	0
<b>Sub- Total</b>	<b>9,262,216</b>	<b>15,487,901</b>	<b>17,477,625</b>	<b>7,272,492</b>
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	327,181	737,685	561,679	503,187
22 Govt Designated-Purpose Grants Fund	-29,271	8,438,692	7,864,509	544,912
23 Pupil Activity Special Revenue Fund	87,423	41,098	25,759	102,762
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	1,068,235	1,753,686	1,734,431	1,087,490
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	2,178,924	4,000,999	2,983,159	3,196,764
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>	<b>12,894,708</b>	<b>30,460,061</b>	<b>30,647,162</b>	<b>12,707,607</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	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
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FINAL

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