

Deer Trail School District No. 26-J
Deer Trail, Colorado

Financial Statements

For the Year Ended June 30, 2020

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Independent Auditors' Report

Board of Education
Deer Trail School District No. 26-J
Deer Trail, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Deer Trail School District No. 26-J (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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. 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 the District as of June 30, 2020, 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, budgetary comparison information and historical pension and other post-employment benefit plan 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
November 24, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Deer Trail School District 26J, we offer readers of Deer Trail School District 26J (the District) financial statements this narrative overview and analysis of the financial activities of Deer Trail School District 26J for the fiscal year ended June 30, 2020.

Financial Highlights

- The assets and deferred outflows of resources of Deer Trail School District 26J exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$25,424,143.
- Deer Trail School District 26J's total net position increased by \$6,126,659.
- As of the close of the current fiscal year, Deer Trail School District 26J's governmental funds reported a combined ending fund balance of \$3,927,094.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements presented are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District 26J is improving or deteriorating.

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

The government-wide statement of activities distinguishes functions/programs of Deer Trail School District 26J supported primarily by Per Pupil Operating Revenue. The governmental activities of Deer Trail School District 26J include instruction and supporting services.

The government-wide financial statements can be found on pages 10-13 of this report.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one type of fund: governmental funds.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government-wide financial statements. By doing so, the readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund

statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District has used six Governmental Funds in the past. They are the General Fund, which is the largest fund, encompassing most of the District's revenues and expenditures. The Special Revenue Funds include the Food Service and Pupil Activity Funds, the Debt Service Fund includes the Bond Redemption Fund, and the Capital Projects Funds include the Building Fund and the Capital Reserve Capital Projects Fund.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

The District adopts an annual appropriated budget for each of the individual governmental funds. A budgetary comparison schedule for the General Fund, Food Service Fund, Pupil Activity Fund, Capital Reserve Capital Projects Fund, Bond Redemption Fund and the Building Fund are included on pages 56, 76, 77, 78, 80 and 82 of this report to demonstrate compliance with the adopted budget.

Government-Wide Financial Analysis

The District had an increase in net position from Governmental Activities of \$6,126,659 for the year.

Deer Trail School District 26J's Statement of Net Position Two-Year Comparison

| | As of June 30, 2019 | As of June 30, 2020 |
|---|----------------------------|----------------------------|
| | Governmental Activities | Governmental Activities |
| Current Assets | 8,907,993 | 4,475,497 |
| Capital Assets | <u>28,673,137</u> | <u>34,877,447</u> |
| Total Assets | 37,581,130 | 39,352,944 |
| Deferred outflows of resources | <u>2,021,763</u> | <u>525,953</u> |
| Total assets and deferred outflows | <u>39,602,893</u> | <u>39,878,897</u> |
| Current Liabilities | 4,060,104 | 528,629 |
| Long-Term Liabilities | <u>12,323,948</u> | <u>10,995,643</u> |
| Total Liabilities | 16,384,052 | 11,524,272 |
| Deferred inflows of resources | 3,963,518 | 2,930,482 |
| Net investment in capital assets | 21,205,640 | 27,726,887 |
| Restricted | 3,652,482 | 1,706,932 |
| Unrestricted | <u>(5,602,799)</u> | <u>(4,009,676)</u> |
| Total Net Position | <u>19,255,323</u> | <u>25,424,143</u> |
| Total liabilities, deferred inflows and net position | <u>39,602,893</u> | <u>39,878,897</u> |

**Deer Trail School District 26J's Changes in Net Position
Two-Year Comparison**

| | As of June 30, 2019 | As of June 30, 2020 |
|------------------------------------|----------------------------|----------------------------|
| | Governmental Activities | Governmental Activities |
| Revenues: | | |
| Program Revenues: | | |
| Charges for Services | 38,344 | 33,241 |
| Operating Grants and Contributions | 463,600 | 403,736 |
| Capital Grants | 18,525,472 | 6,650,705 |
| General Revenues: | | |
| Tax Revenues | 1,641,544 | 1,910,841 |
| Unrestricted State Aid | 1,538,185 | 1,745,202 |
| Investment Earnings | 112,214 | 50,027 |
| Other Revenues | 55,004 | 155,508 |
| Total Revenues | <u>22,374,363</u> | <u>10,949,260</u> |
| Expenses: | | |
| Governmental Activities: | | |
| Instructional Programs | 1,153,795 | 1,394,595 |
| Supporting Services | 959,183 | 2,622,535 |
| Depreciation | 131,644 | 588,482 |
| Interest-Long term debt | 222,956 | 216,989 |
| Business-type Activities: | | |
| Food Service | | |
| Total Expenses | <u>2,467,578</u> | <u>4,822,601</u> |
| Change in Net Position | 19,906,785 | 6,126,659 |
| Beginning Net Position | <u>(651,462)</u> | <u>19,297,484</u> |
| Ending Net Position | <u>19,255,323</u> | <u>25,424,143</u> |

Fund Level Financial Analysis

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal, federal and state requirements. The General Fund is the largest of the District's funds. The fund balance at the beginning of the 2019-2020 fiscal year was \$1,793,185. The ending fund balance for 2019-2020 of \$2,377,054 reflects a fund balance increase of \$583,869.

General Fund Budgetary Highlights

The District Board adopted the 2019-2020 Budget on June 10, 2019. A revised budget and an appropriation resolution for \$16,325,595 were adopted on January 13, 2020. The adoption of the budget and the revised budget appear to be within the deadlines established by Colorado statute for school districts.

The detail of the adopted/appropriated amounts is included in the table below:

| <u>Fund</u> | <u>Revised 1/13/2020</u> |
|---------------------------------------|--------------------------|
| General Fund | \$ 3,426,724 |
| Food Service Fund | 160,210 |
| Bond Redemption Fund | 519,500 |
| Building Fund | 12,001,000 |
| Capital Reserve Capital Projects Fund | 113,161 |
| Pupil Activity Fund | 105,000 |
| <u>Total Appropriation</u> | <u>\$ 16,325,595</u> |

Capital Assets

The District completed construction on a new school facility in the 2019-20 school year. The District reported net capital assets of \$34,877,447 in its governmental activities.

Long-Term Debt

At year-end, the School District's long-term debt of \$10,995,643 represented its compensated absences of \$28,086, bonds payable of \$6,275,000, bond premium of \$875,560, net pension liability of \$3,638,134 and the net OPEB liability of \$178,863.

Economic Consideration and Next Year's Budget

Deer Trail 26J's adopted budget focuses on "academic excellence" for all students in alliance with maintaining fiscal stability in all economic conditions. This past year has been an academic challenge for our students, staff and parent community. The factors of a declared pandemic have impacted our students learning time yet our long-term budgetary focus shows continued fiscal stability. Deer Trail 26J's new facility, combined with a new FFA Complex will allow the school district to draw and attract new students and skilled teachers into our existing and new school programs. As our community rebounds from the pandemic, housing growth is predicted to resurface as city planners are preparing needed infrastructure. We are watchful of the state's financial condition, other school districts teachers' salaries, staffing needs, rising cost of health insurance, additional liability and maintenance costs, increasing or decreasing student enrollment trends which is all considered for budget preparation.

This past year, our new Deer Tail 26J Board of Education, administration & teaching staff started the processes that build supportive "systems" in order to become a high performing school district: 1) District Budget – supports the mission, purpose and & vision of the district, develop a budget process, projections, reserves and timetable. 2) Professional Growth & Development - Attracting and retaining quality teaching staff, use of data & feedback while building capacity. 3) Increase Academic Achievement for all students, especially an increasing ELL population through – use of data, review curriculum, implement district instructional framework, monitor & measure student, teacher and administration performance. 4) Facility – maintain current facility in top condition, plan, manage & prepare move to future facility while marketing & communicating new facility to surrounding community. 5) Human Resources - Review, improve, provide consistency with Board of Education Human Resource policies and procedures for all employee groups.

In November of 2000, voters in Colorado approved a provision to the Colorado constitution providing that K-12 funding would increase at pupil growth, plus inflation, plus 1% for 10 years and thereafter, growth plus inflation. This provision stabilizes and removes funding from the political process. As a result of this provision, the single most important factor in projecting school revenues is our student enrollment October count.

In November of 2017, the community approved a 6.8-million-dollar bond issue. Combined with a successful BEST grant application, the new PK-12 building opened in September of 2019. Our new facility, added expenses in operations & maintenance including; landscape, gas, electricity, water usage and eventually the capital construction maintenance as the new warranty concludes. Our anticipated student count is predicted to increase this school year, yet the pandemic upset the regular pattern of community and student growth. We will be watchful in our estimates of our future student population growth in order to maintain our fiscal stability.

Request for Information

This financial report is designed to provide a general overview of Deer Trail School District 26J's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Deer Trail School District 26J, P.O. Box 129, Deer Trail, Colorado 80105.

Basic Financial Statements

The basic financial statements of the District include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole.

Fund financial statements. The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental funds.

Notes to the financial statements. The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Statement of Net Position
June 30, 2020

| | Governmental Activities |
|---|----------------------------|
| Assets | |
| Cash | \$ 3,101,953 |
| Cash with fiscal agent | 431,698 |
| Investments | 872,468 |
| Receivables | 67,434 |
| Inventory | 1,944 |
| Capital assets, net of depreciation | 34,877,447 |
| Total assets | 39,352,944 |
| Deferred outflows of resources | |
| Pension and other post-employment benefit deferrals | 525,953 |
| Total assets and deferred outflows of resources | <u>\$ 39,878,897</u> |
| Liabilities | |
| Accounts payable | \$ 27,792 |
| Accrued salaries and benefits | 160,023 |
| Payroll deductions and withholdings | 18,194 |
| Unearned revenues | 262 |
| Unearned grant revenues | 300,191 |
| Accrued interest payable | 22,167 |
| Noncurrent liabilities | |
| Due within one year | 255,000 |
| Due in more than one year | 10,740,643 |
| Total liabilities | 11,524,272 |
| Deferred inflows of resources | |
| Pension and other post-employment benefit deferrals | 2,930,482 |
| Total deferred inflows of resources | 2,930,482 |
| Net position | |
| Net investment in capital assets | 27,726,887 |
| Restricted for emergencies | 310,000 |
| Restricted for food service operations | 20,059 |
| Restricted for debt service | 423,247 |
| Restricted for capital projects | 953,626 |
| Unrestricted (deficit) | (4,009,676) |
| Total net position | 25,424,143 |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 39,878,897</u> |

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

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DEER TRAIL SCHOOL DISTRICT NO. 26-J
Statement of Activities
For the Year Ended June 30, 2020

| | Expenses | Program Revenues | | |
|-----------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities | | | | |
| Instruction | \$ 1,394,595 | \$ 15,325 | \$ 310,839 | |
| Supporting services | | | | |
| Students | 123,486 | | | |
| Instructional staff | 18,697 | | | |
| General administration | 222,105 | | | |
| School administration | 76,031 | | | |
| Business services | 82,243 | | | |
| Operations and maintenance | 1,782,396 | | 21,826 | |
| Student transportation | 72,505 | | 18,613 | |
| Central support services | 117,588 | | | |
| Food service operations | 126,832 | 17,916 | 52,458 | |
| Community services | 652 | | | |
| Facilities acquisition | | | | \$ 6,650,705 |
| Unallocated depreciation * | 588,482 | | | |
| Interest on long-term obligations | 216,989 | | | |
| Total primary government | <u>\$ 4,822,601</u> | <u>\$ 33,241</u> | <u>\$ 403,736</u> | <u>\$ 6,650,705</u> |

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Specific ownership taxes

Delinquent taxes and interest

State categorical aid

Earnings on investments

Other

Total general revenues

Change in net position

Net position at beginning of year, as restated

Net position at end of year

* This amount excludes depreciation that is included in the direct expenses of the various programs.

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

Net (Expenses)
Revenues and
Change in
Net Position

Total
Governmental
Activities

\$ (1,068,431)

(123,486)
(18,697)
(222,105)
(76,031)
(82,243)
(1,760,570)
(53,892)
(117,588)
(56,458)
(652)
6,650,705
(588,482)
(216,989)

2,265,081

1,264,616
525,983
119,366
876
1,745,202
50,027
155,508

3,861,578

6,126,659

19,297,484

\$ 25,424,143

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Balance Sheet
Governmental Funds
June 30, 2020

| | General Fund | Bond Redemption Fund | Building Fund | Other Governmental Funds |
|--|---------------------|----------------------------|-------------------|--------------------------------|
| Assets | | | | |
| Cash | \$ 2,250,279 | | \$ 680,451 | \$ 171,223 |
| Cash with fiscal agent | 22,668 | \$ 409,030 | | |
| Investments | 595,490 | | 276,978 | |
| Due from other funds | | 6,717 | | |
| Property taxes receivable | 44,394 | 18,547 | | |
| Grants receivable | | | 4,231 | |
| Other receivables | | | | 262 |
| Inventories | | | | 1,944 |
| Total assets | \$ 2,912,831 | \$ 434,294 | \$ 961,660 | \$ 173,429 |
| Liabilities | | | | |
| Accounts payable | \$ 19,758 | | \$ 8,034 | |
| Accrued salaries and benefits | 160,023 | | | |
| Payroll deductions | 18,194 | | | |
| Due to other funds | 6,717 | | | |
| Unearned grant revenue | 300,191 | | | |
| Unearned revenue | | | | \$ 262 |
| Total liabilities | 504,883 | \$ - | 8,034 | 262 |
| Deferred inflows of resources | | | | |
| Deferred property tax revenues | 30,894 | 11,047 | | |
| Total deferred inflows of resources | 30,894 | 11,047 | - | - |
| Fund balance | | | | |
| Nonspendable inventories | | | | 1,944 |
| Restricted to emergencies | 310,000 | | | |
| Restricted to food service | | | | 20,059 |
| Restricted to debt service | | 423,247 | | |
| Restricted to capital projects | | | 953,626 | |
| Committed pupil activities | | | | 46,811 |
| Committed for capital projects | | | | 104,353 |
| Unassigned | 2,067,054 | | | |
| Total fund balance | 2,377,054 | 423,247 | 953,626 | 173,167 |
| Total liabilities, deferred inflows of resources and fund balance | \$ 2,912,831 | \$ 434,294 | \$ 961,660 | \$ 173,429 |

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

| Total Governmental Funds | | |
|--|---|---------------|
| \$ 3,101,953 431,698 872,468 6,717 62,941 4,231 262 1,944 | Amounts reported for governmental activities in the statement of net position are different because: | |
| | Total fund balance - governmental funds | \$ 3,927,094 |
| | Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in the governmental funds. | 34,877,447 |
| \$ 4,482,214 | Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore, are deferred in the funds. | 41,941 |
| \$ 27,792 160,023 18,194 6,717 300,191 262 | Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds. | (22,167) |
| 513,179 | Long-term liabilities and related deferred outflows and inflows of resources, including bonds payable, compensated absences and net pension and OPEB liabilities, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. | (13,400,172) |
| 41,941 | Net position (deficit) of the governmental activities | \$ 25,424,143 |
| 41,941 | | |
| 1,944 310,000 20,059 423,247 953,626 46,811 104,353 2,067,054 | | |
| 3,927,094 | | |
| \$ 4,482,214 | | |

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

| | General Fund | Bond Redemption Fund | Building Fund | Other Governmental Funds |
|---|-----------------|----------------------------|------------------|--------------------------------|
| Revenues | | | | |
| Local sources | \$ 1,473,265 | \$ 522,562 | \$ 22,497 | \$ 68,382 |
| Intermediate sources | 32,319 | | | |
| State sources | 2,012,018 | | 6,650,705 | 4,085 |
| Federal sources | 99,058 | | | 48,373 |
| Total revenues | 3,616,660 | 522,562 | 6,673,202 | 120,840 |
| Expenditures | | | | |
| Instruction | 1,690,155 | | | 45,716 |
| Supporting services | 1,233,636 | | | 122,489 |
| Capital outlay | | | 8,281,115 | |
| Debt service | | | | |
| Principal retirement | 7,599 | 250,000 | | 8,086 |
| Interest and fiscal charges | 85 | 268,500 | | 73 |
| Total expenditures | 2,931,475 | 518,500 | 8,281,115 | 176,364 |
| Excess of revenues over (under) expenditures | 685,185 | 4,062 | (1,607,913) | (55,524) |
| Other financing sources (uses) | | | | |
| Transfers in | | | | 101,316 |
| Transfers out | (101,316) | | | |
| Total other financing sources (uses) | (101,316) | - | - | 101,316 |
| Net change in fund balance | 583,869 | 4,062 | (1,607,913) | 45,792 |
| Fund balance at beginning of year | 1,793,185 | 419,185 | 2,561,539 | 127,375 |
| Fund balance at end of year | \$ 2,377,054 | \$ 423,247 | \$ 953,626 | \$ 173,167 |

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

| <u>Total Governmental Funds</u> | |
|--|--|
| \$ 2,086,706 32,319 8,666,808 <u>147,431</u> | <p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Net change in fund balances - governmental funds \$ (974,190)</p> |
| 10,933,264 1,735,871 1,356,125 8,281,115 | <p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation in the current period. 7,662,817</p> |
| 265,685 <u>268,658</u> <u>11,907,454</u> | <p>Because some property taxes will not be collected for several months after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities. 30,592</p> |
| (974,190) 101,316 <u>(101,316)</u> | <p>In the statement of activities, certain expenses related to the pension and OPEB liabilities and related deferred outflows and inflows, as well as accrued compensated absences and interest - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). 600,262</p> |
| - (974,190) 4,901,284 <u>\$ 3,927,094</u> | <p>In the statement of activities, the net loss on the disposal of capital assets is reported, where as in the governmental funds, the proceeds from the disposal increases financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed of. (1,458,507)</p> |
| | <p>Repayment of principal on capital lease obligations and bonds payable are expenditures in the governmental funds, but the repayment reduces the long-term liabilities in the statement of position. <u>265,685</u></p> |
| | <p>Change in net position of governmental activities <u>\$ 6,126,659</u></p> |

DEER TRAIL SCHOOL DISTRICT NO. 26-J

Notes to Financial Statements

Note A – Summary of significant accounting policies

This summary of the Deer Trail School District No. 26-J's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the District's accounting policies are described below.

A.1 – Reporting entity

The Deer Trail School District No. 26-J is a school district governed by an elected five-member board of education. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The District has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the District has no component units.

A.2 – Fund accounting

The District uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The District does not have any proprietary or fiduciary funds.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), and the servicing of general long-term debt (debt service fund). The following are the District's major governmental funds:

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes, and State of Colorado equalization funding, as determined by the School Finance Act of 1994, as amended.

Expenditures include all costs associated with the daily operation of the schools, except for certain capital outlay expenditures, debt service, food service operations and pupil activities.

Bond Redemption Fund – This fund is a debt service fund used to account for the revenues from a specific tax levy for the purpose of the repayment of debt principal, interest and other fiscal charges.

Building Fund – This fund is a capital projects fund used to account for the revenues from a bond issuance and BEST grant funds for the purpose of the acquisition or construction of major capital facilities.

The following are the District's nonmajor governmental funds:

Food Service Fund – This fund is a special revenue fund used to account for the financial activities associated with the District's food service operations.

Pupil Activity Fund – This fund is a special revenue fund used to record transactions related to school-sponsored pupil organizations and activities.

Capital Reserve Capital Projects Fund – This fund is a capital projects fund used to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets.

Note A.3 – Basis of presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements – Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

A.4 – Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – exchange and non-exchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. State equalization monies are recognized as revenues during the period in which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within sixty days after year-end, interest, tuition, grants and student fees.

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, 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.

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

Expenditures – The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.5 – Encumbrances

Encumbrance accounting is utilized by the District to record purchase orders, contracts and other commitments for the expenditure of monies to assure effective budgetary control and accountability. Encumbrances outstanding at year-end are canceled and reappropriated in the ensuing year's budget.

A.6 – Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

A.7 – Inventories

Food Service Fund – purchased inventories are stated at cost as determined by the first-in, first-out method. Commodity inventories are stated at the United States Department of Agriculture's assigned values, which approximate fair value, at the date of receipt. Expenditures for food items are recorded when consumed. The federal government donates surplus commodities to the national school lunch program. Commodity distributions used by the District are recorded as revenues at the date of their consumption.

A.8 – Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets with a unit cost greater than \$5,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) are capitalized along with other capital assets. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

| <u>Description</u> | <u>Governmental Activities</u> |
|----------------------------|------------------------------------|
| Buildings and improvements | 3-30 years |
| Transportation equipment | 7-10 years |
| Other equipment | 3-20 years |

A.9 – Compensated absences

The Board of Education recognizes that there may be times when an employee is unable to fulfill the duties of his/her position due to a temporary medical problem. Therefore, paid leave is provided for full-time employees in accordance with District policy.

All full-time certified employees shall be granted six leave days per year, which may be accumulated up to sixty days total. Upon termination of employment, certified staff will be paid \$40 per day for unused sick leave accumulated after 2001; amounts earned prior to 2001 shall be paid \$25 per day.

All full-time classified employees shall be granted nine leave days per year, which may be accumulated up to thirty days total. Upon termination of employment, classified staff will be paid \$25 per day for unused sick leave.

The entire compensated absences liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accrued compensated absences" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

The amounts recorded as liabilities for all applicable compensated absences include salary-related payments associated with the payment of the compensated absences, using the rates in effect at the balance sheet date.

A.10 – Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences that will be paid from governmental funds is reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available resources. Capital lease obligation and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

A.11 – Fund balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different type of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

Nonspendable, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the board of education (the District's highest level of decision-making authority),

Assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the board of education through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

When both restricted and unrestricted resources are available in governmental funds, the District applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

A.12 – Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

A.13 – Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

A.14 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the board of education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year.

Note B – Cash and investments

Cash and deposits

Colorado State statutes govern the District's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note B – Cash and investments (Continued)

State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$3,164,067, of which \$250,000 was insured and \$2,914,067 was collateralized with securities held by the pledging institution's trust department or agent in the District's name.

Investments

Authorized Investments – Investment policies are governed by Colorado State Statutes and the District's own investment policies and procedures. Investments of the District may include:

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

During the year, the District invested in Colotrust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. As of June 30, 2020, the District had invested \$872,468 in COLOTRUST PLUS+, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note B – Cash and investments (Continued)

At year-end, the District had the following investments:

| <u>Investment type</u> | <u>Fair value</u> | <u>Investment maturities (in years)</u> | | |
|-------------------------|-------------------|---|-------------|-------------|
| | | <u>Less than 1</u> | <u>1-5</u> | <u>6-10</u> |
| Investment in Colotrust | <u>\$ 872,468</u> | <u>\$ 872,468</u> | <u>\$ -</u> | <u>\$ -</u> |

The investment in Colotrust is maintained in the General and Building Funds.

Credit risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the highest rating from at least one nationally recognized rating agency at the time of purchase. The District has no investment policy that would further limit its investment choices. At year-end, the District's investment in Colotrust was rated AAA by Standard and Poor's, Fitch Ratings and Moody's Investors Service.

Interest rate risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing rates.

Note C – Receivables

Receivables at year-end consist of the following:

| | <u>Governmental Activities</u> |
|---------------------------|------------------------------------|
| Property taxes receivable | \$ 62,941 |
| Grants receivable | 4,231 |
| Other receivable | <u>262</u> |
| Total | <u>\$ 67,434</u> |

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. Adams and Arapahoe Counties bill and collect property taxes for all taxing entities within the counties. The tax receipts collected by the counties are remitted to the District in the subsequent month.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note D – Interfund transactions

The following is a summary of interfund transactions for the year as presented in the fund financial statements:

| | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|---------------------------|----------------------------------|-------------------------------|
| <u>Governmental funds</u> | | |
| General fund | \$ - | \$ 6,717 |
| Bond redemption fund | <u>6,717</u> | <u>-</u> |
| Total | <u>\$ 6,717</u> | <u>\$ 6,717</u> |

All balances resulted from the lag time between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund receivables and payables are eliminated through the transfer of funds from one fund to another.

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|---------------------------|-------------------------|--------------------------|
| <u>Governmental Funds</u> | | |
| General fund | \$ - | \$ 101,316 |
| Other governmental funds | <u>101,316</u> | <u>-</u> |
| Total | <u>\$ 101,316</u> | <u>\$ 101,316</u> |

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The District transferred funds in the amount of \$101,316 from the General Fund to the Other Governmental Funds to subsidize the costs of maintaining the District's food service operations (\$51,316) and set aside funds for future capital needs (\$50,000).

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note E – Capital assets

Capital asset activity for the year was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions/ Adjustments</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|-----------------------------------|---------------------------|
| Governmental activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 210,557 | \$ - | \$ - | \$ 210,557 |
| Construction in progress | <u>26,517,563</u> | <u>8,281,115</u> | <u>(34,783,128)</u> | <u>15,550</u> |
| Total capital assets, not being depreciated | 26,728,120 | 8,281,115 | (34,783,128) | 226,107 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 5,617,202 | - | 29,984,266 | 35,601,468 |
| Transportation equipment | 573,526 | - | (171,079) | 402,447 |
| Other equipment | <u>978,027</u> | <u>-</u> | <u>(620,290)</u> | <u>357,737</u> |
| Total capital assets, being depreciated | <u>7,168,755</u> | <u>-</u> | <u>29,192,897</u> | <u>36,316,652</u> |
| Total capital assets | 33,896,875 | 8,281,115 | (5,590,231) | 36,587,759 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (3,904,024) | (578,645) | 3,373,667 | (1,109,002) |
| Transportation equipment | (476,547) | (27,238) | 171,079 | (332,706) |
| Other equipment | <u>(843,167)</u> | <u>(12,415)</u> | <u>586,978</u> | <u>(268,604)</u> |
| Total accumulated depreciation | <u>(5,223,738)</u> | <u>(618,298)</u> | <u>4,131,724</u> | <u>(1,710,312)</u> |
| Governmental activities capital assets, net | <u>\$ 28,673,137</u> | <u>\$ 7,662,817</u> | <u>\$ (1,458,507)</u> | <u>\$ 34,877,447</u> |

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

| | |
|----------------------------|-------------------|
| Governmental activities | |
| Instruction | \$ 3,926 |
| Operations and maintenance | 5,300 |
| Student transportation | 19,081 |
| Food service operations | 857 |
| Community services | 652 |
| Unallocated | <u>588,482</u> |
| Total | <u>\$ 618,298</u> |

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note F – Accrued salaries and benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$160,023. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

Note G – Long-term debt

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

| | <u>Beginning Balances</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balances</u> | <u>Due within one year</u> |
|------------------------------------|-------------------------------|------------------|-----------------------|----------------------------|--------------------------------|
| Governmental activities | | | | | |
| Compensated absences | \$ 24,508 | \$ 3,578 | \$ - | \$ 28,086 | \$ - |
| Capital lease obligations | 15,685 | - | (15,685) | - | - |
| Bonds payable | 6,525,000 | - | (250,000) | 6,275,000 | 255,000 |
| Bond premium | 926,812 | - | (51,252) | 875,560 | - |
| Net pension liability | 4,602,096 | - | (963,962) | 3,638,134 | |
| Net OPEB liability | <u>229,847</u> | <u>-</u> | <u>(50,984)</u> | <u>178,863</u> | <u>-</u> |
| Total | <u>\$ 12,323,948</u> | <u>\$ 3,578</u> | <u>\$ (1,331,883)</u> | <u>\$ 10,995,643</u> | <u>\$ 255,000</u> |

Payments on bonds payable are made in the Bond Redemption Fund, payments on the capital lease obligations are made in the General and Capital Reserve Capital Projects Funds, and the compensated absences, net pension, and OPEB liabilities attributable to the governmental activities will be liquidated primarily by the General Fund. The District believes that the current portion of compensated absences is negligible and is therefore not reported.

Bonds payable

General obligation bonds payable consist of the following individual issue:

\$6,690,000 general obligation bonds, dated August 17, 2017, due in annual installments beginning in fiscal year 2019 ranging from \$165,000 to \$495,000; fixed annual interest rate of 2.00% payable semi-annually on June 1st and December 1st.

Total general obligation bonds \$ 6,275,000

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note G – Long-term debt (Continued)

The following schedule represents the District's debt service requirements to maturity for all outstanding bonded indebtedness:

| <u>Year ended June 30,</u> | <u>Principal</u> | <u>Interest</u> |
|----------------------------|---------------------|---------------------|
| 2021 | \$ 255,000 | \$ 262,175 |
| 2022 | 260,000 | 255,750 |
| 2023 | 270,000 | 250,450 |
| 2024 | 275,000 | 245,000 |
| 2025 | 280,000 | 236,650 |
| 2026-2030 | 1,570,000 | 1,003,250 |
| 2031-2035 | 1,950,000 | 607,500 |
| 2036-2038 | <u>1,415,000</u> | <u>108,375</u> |
| Totals | <u>\$ 6,275,000</u> | <u>\$ 2,969,150</u> |

Note H – Defined benefit pension plan

Summary of significant accounting policies

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 and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

General information about the pension plan

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

Benefits provided as of December 31, 2019. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. Section 24-51-602, 604, 1713, and 1714.

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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

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

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began 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. Section 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lesser of an annual increase of 1.25 percent or the average 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. Section 24-51-413.

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

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

Contributions provisions as of June 30, 2020. Eligible employees of the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. Section 24-51-401, *et seq.* and Section 24-51-413. Eligible employees are required to contribute 8.75 percent of their PERA-includable salary during the period of July 1, 2019 through June 30, 2020. Employer contribution requirements are summarized in the table below:

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

| | July 1, 2019 Through <u>June 30, 2020</u> |
|--|---|
| Employer contribution rate | 10.40% |
| Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f) | <u>(1.02)%</u> |
| Amount apportioned to the SCHDTF | 9.38% |
| Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411 | 4.50% |
| Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Section 24-51-411 | <u>5.50%</u> |
| Total employer contribution rate to the SCHDTF | <u><u>19.38%</u></u> |

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

As specified in C.R.S. Section 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. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

Subsequent to the SCHDTF's December 31, 2019, measurement date, HB 20-1379 *Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year*, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, \$225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$291,733 for the year.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note H – 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 as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2019 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At year-end, the District reported a liability of \$3,638,134 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

| | |
|--|---------------------|
| District's proportionate share of the net pension liability | \$ 3,638,134 |
| The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District | <u>461,451</u> |
| Total | <u>\$ 4,099,585</u> |

At December 31, 2019, the District's proportion was 0.0244 percent, which was a decrease of 0.0016 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension income of \$234,801 and revenue of \$20,354 for support from the State as a nonemployer contributing entity. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ 205,037 | \$ - |
| Changes of assumptions or other inputs | 126,038 | 1,761,236 |
| Net difference between projected and actual earnings on pension plan investments | - | 454,272 |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 31,194 | 671,024 |
| Contributions subsequent to the measurement date | <u>149,508</u> | <u>-</u> |
| Total | <u>\$ 511,777</u> | <u>\$ 2,886,532</u> |

\$149,508 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended June 30,</u> | <u>Amount</u> |
|--------------------------------|-----------------------|
| 2021 | \$ (1,342,898) |
| 2022 | (997,372) |
| 2023 | (37,389) |
| 2024 | <u>(146,604)</u> |
| Totals | <u>\$ (2,524,263)</u> |

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

₁ For 2019, the annual increase was 0.00 percent.

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

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

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

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

The actuarial assumptions used in the December 31, 2018 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.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

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 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>30 Year Expected Geometric Real Rate of Return</u> |
|-----------------------------------|------------------------------|---|
| U.S. equity – large cap | 21.20% | 4.30% |
| U.S. equity – small cap | 7.42% | 4.80% |
| Non U.S. equity – developed | 18.55% | 5.20% |
| Non U.S. equity – emerging | 5.83% | 5.40% |
| Core fixed income | 19.32% | 1.20% |
| High yield | 1.38% | 4.30% |
| Non U.S. fixed income - developed | 1.84% | 0.60% |
| Emerging market debt | 0.46% | 3.90% |
| Core real estate | 8.50% | 4.90% |
| Opportunity fund | 6.00% | 3.80% |
| Private equity | 8.50% | 6.60% |
| Cash | <u>1.00%</u> | 0.20% |
| Total | <u>100.00%</u> | |

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

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State will provide an annual direct distribution of \$225 million, which commenced 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.
- 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.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|------------------------|-------------------------------------|------------------------|
| Proportionate share of the net pension liability | \$ 4,824,944 | \$ 3,638,134 | \$ 2,641,703 |

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

Payables to the pension plan

The District did not report any payables to the pension plan at year-end.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note I – Defined contribution pension plan

Voluntary Investment Program

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

Funding policy. The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. For the year ended, program members contributed \$13,251 for the Voluntary Investment Program.

Note J – Defined benefit other post-employment benefit (OPEB) plan

Summary of significant accounting policies

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 and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General information about the OPEB plan

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

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

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

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

PERA Benefit Structure

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

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. Section 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

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$15,354 for the year ended.

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB

At year-end, the District reported a liability of \$178,863 for its proportionate share of the net OPEB liability. The net pension OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

At December 31, 2019, the District's proportion was 0.0159 percent, which was a decrease of 0.0010 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$10,071. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ 627 | \$ 30,072 |
| Changes of assumptions or other inputs | 1,558 | - |
| Net difference between projected and actual earnings on OPEB plan investments | - | 2,903 |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 4,122 | 10,975 |
| Contributions subsequent to the measurement date | <u>7,869</u> | <u>-</u> |
| Total | <u>\$ 14,176</u> | <u>\$ 43,950</u> |

\$7,869 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year Ended June 30, _____</u> | <u>Amount</u> |
|--------------------------------------|--------------------|
| 2021 | \$ (7,213) |
| 2022 | (7,213) |
| 2023 | (6,300) |
| 2024 | (8,451) |
| 2025 | (7,985) |
| 2026 | <u>(481)</u> |
| Total | <u>\$ (37,643)</u> |

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

Actuarial assumptions. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

| | |
|--|--|
| Actuarial cost method | Entry age |
| Price inflation | 2.40 percent |
| Real wage growth | 1.10 percent |
| Wage inflation | 3.50 percent |
| Salary increases, including wage inflation | 3.50 percent in aggregate |
| Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation | 7.25 percent |
| Discount rate | 7.25 percent |
| Health care cost trend rates | |
| PERA benefit structure: | |
| Service-based premium subsidy | 0.00 percent |
| PERACare Medicare plans | 5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029 |
| Medicare Part A premiums | 3.50 percent in 2019, gradually increasing to 4.50 percent in 2029 |
| DPS benefit structure: | |
| Service-based premium subsidy | 0.00 percent |
| PERACare Medicare plans | N/A |
| Medicare Part A premiums | N/A |

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing costs between employers of each fund to that point.

The actuarial assumptions used in the December 31, 2018, 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. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2019 for the PERA Benefit Structure:

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

| <u>Medicare Plan</u> | Cost for Members Without Medicare Part A | Premiums for Members Without Medicare Part A |
|--|--|--|
| Medicare Advantage/Self-Insured Prescription | \$601 | \$240 |
| Kaiser Permanente Medicare Advantage HMO | 605 | 237 |

The 2019 Medicare Part A premium is \$437 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

| <u>Medicare Plan</u> | Cost for Members Without Medicare Part A |
|--|--|
| Medicare Advantage/Self-Insured Prescription | \$562 |
| Kaiser Permanente Medicare Advantage HMO | 571 |

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, 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.

DEER TRAIL SCHOOL DISTRICT NO. 26-J**Notes to Financial Statements****Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

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

| <u>Year</u> | <u>PERACare Medicare Plans</u> | <u>Medicare Part A Premiums</u> |
|-------------|------------------------------------|-------------------------------------|
| 2019 | 5.60% | 3.50% |
| 2020 | 8.60% | 3.50% |
| 2021 | 7.30% | 3.50% |
| 2022 | 6.00% | 3.75% |
| 2023 | 5.70% | 3.75% |
| 2024 | 5.50% | 3.75% |
| 2025 | 5.30% | 4.00% |
| 2026 | 5.10% | 4.00% |
| 2027 | 4.90% | 4.25% |
| 2028 | 4.70% | 4.25% |
| 2029+ | 4.50% | 4.50% |

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as show 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, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

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

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

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

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

- **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.

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

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF.

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- 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.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

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 are summarized in the following table:

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>30 Year Expected Geometric Real Rate of Return</u> |
|-----------------------------------|--------------------------|---|
| U.S. equity – large cap | 21.20% | 4.30% |
| U.S. equity – small cap | 7.42% | 4.80% |
| Non U.S. equity – developed | 18.55% | 5.20% |
| Non U.S. equity – emerging | 5.83% | 5.40% |
| Core fixed income | 19.32% | 1.20% |
| High yield | 1.38% | 4.30% |
| Non U.S. fixed income - developed | 1.84% | 0.60% |
| Emerging market debt | 0.46% | 3.90% |
| Core real estate | 8.50% | 4.90% |
| Opportunity fund | 6.00% | 3.80% |
| Private equity | 8.50% | 6.60% |
| Cash | <u>1.00%</u> | 0.20% |
| Total | <u>100.00%</u> | |

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

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

| | <u>1% Decrease in Trend Rates</u> | <u>Current Trend Rates</u> | <u>1% Increase in Trend Rates</u> |
|---------------------------------------|---------------------------------------|--------------------------------|---------------------------------------|
| Initial PERACare Medicare trend rate | 4.60% | 5.60% | 6.60% |
| Ultimate PERACare Medicare trend rate | 3.50% | 4.50% | 5.50% |
| Initial Medicare Part A trend rate | 2.50% | 3.50% | 4.50% |
| Ultimate Medicare Part A trend rate | <u>3.50%</u> | <u>4.50%</u> | <u>5.50%</u> |
| Net OPEB Liability | \$ 174,614 | \$ 178,863 | \$ 183,772 |

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

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019 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 3.50 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|------------------------|-------------------------------------|------------------------|
| Proportionate share of the net OPEB liability | \$ 202,240 | \$ 178,863 | \$ 158,870 |

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

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

Payables to the OPEB plan

The District did not report any payables to the OPEB plan at year-end.

Note K – Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Colorado School Districts Self-Insurance Pool (the Pool). The Pool's objectives are to provide member school districts defined property and liability coverage through self-insurance and excess insurance purchased from commercial companies. The District pays an annual contribution to the Pool for its insurance coverage. The District's contribution for the year was \$90,660. The District continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note L – Commitments and contingencies

Federal and state funding

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

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. On November 3, 1998, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note L – Commitments and contingencies (Continued)

TABOR Amendment

received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$310,000 for the emergency reserve.

Note M – Joint ventures

East Central Board of Cooperative Educational Services

The District participates in the East Central Board of Cooperative Educational Services (BOCES), an administrative unit serving 21 area school districts.

Prairie Creeks Charter School

The District participates in the Prairie Creeks Charter School (Charter School), a joint venture charter school created in conjunction with other surrounding school districts.

These joint ventures do not meet the criteria for inclusion within the reporting entity because the BOCES and Charter School:

- are financially independent and responsible for their own financing deficits and entitled to their own surpluses,
- have separate governing boards from that of the District,
- have separate managements which are responsible for the day to day operations and are accountable to the separate boards,
- governing boards and management have the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome or disposition of matters affecting the recipients or services provided, and
- have absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note M – Joint ventures (Continued)

The District has one member on the board of each entity. These boards have final authority for all budgeting and financing of the joint ventures.

Separate financial statements of the East Central Board of Cooperative Educational Services and the Prairie Creeks Charter School are available by contacting their administrative offices in Limon, Colorado and Strasburg, Colorado, respectively.

For the year, the District's contributions to the BOCES and the Charter School were \$73,431 and \$27,624, respectively.

Note N – Prior period restatement

The District previously reported the activity of the Pupil Activity Fund in a fiduciary fund. Beginning in fiscal year 2020, such activity has been more appropriately reported in a special revenue fund. Accordingly, the governmental activities reports a restated beginning net position of \$19,297,484.

| | |
|--|----------------------|
| Beginning governmental activities net position | |
| as originally reported | \$ 19,255,323 |
| Pupil activity fund reclassification | <u>42,161</u> |
| Beginning net position, as restated | <u>\$ 19,297,484</u> |

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Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of the District's Proportionate Share of the Net Pension Liability – PERA's School Division Trust Fund
- Schedule of District Contributions – PERA's School Division Trust Fund
- Schedule of the District's Proportionate Share of the Net OPEB Liability – PERA's Health Care Trust Fund
- Schedule of District Contributions – PERA's Health Care Trust Fund

DEER TRAIL SCHOOL DISTRICT NO. 26-J
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

| | Budgeted Amounts | | | Variance with Final Budget Favorable (Unfavorable) |
|---|------------------|--------------|--------------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Local sources | \$ 1,013,920 | \$ 1,399,141 | \$ 1,473,265 | \$ 74,124 |
| Intermediate sources | 25,017 | 25,017 | 32,319 | 7,302 |
| State sources | 2,265,685 | 1,988,678 | 2,012,018 | 23,340 |
| Federal sources | 52,150 | 52,521 | 99,058 | 46,537 |
| Total revenues | 3,356,772 | 3,465,357 | 3,616,660 | 151,303 |
| Expenditures | | | | |
| Instruction | 1,893,700 | 1,956,911 | 1,690,155 | 266,756 |
| Supporting services | 1,408,938 | 1,454,313 | 1,233,636 | 220,677 |
| Debt service | | | | |
| Principal | 7,599 | 7,599 | 7,599 | - |
| Interest and fiscal charges | 7,901 | 7,901 | 85 | 7,816 |
| Total expenditures | 3,318,138 | 3,426,724 | 2,931,475 | 495,249 |
| Excess of revenues over (under) expenditures | 38,634 | 38,633 | 685,185 | 646,552 |
| Other financing uses | | | | |
| Transfers out | | | (101,316) | (101,316) |
| Net change in fund balance | \$ 38,634 | \$ 38,633 | 583,869 | \$ 545,236 |
| Fund balance at beginning of year | | | 1,793,185 | |
| Fund balance at end of year | | | \$ 2,377,054 | |

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DEER TRAIL SCHOOL DISTRICT NO. 26-J
Schedule of the District's Proportionate Share of the Net Pension Liability ¹
PERA's School Division Trust Fund
June 30, 2020

| | <u>June 30, 2020</u> | <u>June 30, 2019</u> | <u>June 30, 2018</u> | <u>June 30, 2017</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| District's proportion of the net pension liability | 0.0244% | 0.0260% | 0.0296% | 0.0287% |
| District's proportionate share of the net pension liability | \$ 3,638,134 | \$ 4,602,096 | \$ 9,555,771 | \$ 8,539,059 |
| State's proportionate share of the net pension liability | <u>461,451</u> | <u>629,273</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 4,099,585</u> | <u>\$ 5,231,369</u> | <u>\$ 9,555,771</u> | <u>\$ 8,539,059</u> |
| District's covered payroll | \$ 1,430,836 | \$ 1,428,820 | \$ 1,363,156 | \$ 1,287,196 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 254.27% | 322.09% | 701.00% | 663.38% |
| Plan fiduciary net position as a percentage of the total pension liability | 64.52% | 57.01% | 43.96% | 43.10% |

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

¹ Information is not available prior to June 30, 2014. In future reports, additional years will be added until 10 years of historical data are presented.

| <u>June 30, 2016</u> | <u>June 30, 2015</u> | <u>June 30, 2014</u> |
|----------------------|----------------------|----------------------|
|----------------------|----------------------|----------------------|

| | | |
|---------|---------|---------|
| 0.0305% | 0.0292% | 0.0304% |
|---------|---------|---------|

| | | |
|--------------|--------------|--------------|
| \$ 4,658,828 | \$ 3,959,605 | \$ 3,880,611 |
|--------------|--------------|--------------|

| | | |
|---|---|---|
| - | - | - |
|---|---|---|

| | | |
|---------------------|---------------------|---------------------|
| <u>\$ 4,658,828</u> | <u>\$ 3,959,605</u> | <u>\$ 3,880,611</u> |
|---------------------|---------------------|---------------------|

| | | |
|--------------|--------------|--------------|
| \$ 1,327,491 | \$ 1,223,894 | \$ 1,226,500 |
|--------------|--------------|--------------|

| | | |
|---------|---------|---------|
| 350.95% | 323.53% | 316.40% |
|---------|---------|---------|

| | | |
|--------|--------|--------|
| 59.20% | 62.84% | 64.06% |
|--------|--------|--------|

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Schedule of District Contributions ¹
PERA's School Division Trust Fund
June 30, 2020

| | <u>June 30, 2020</u> | <u>June 30, 2019</u> | <u>June 30, 2018</u> | <u>June 30, 2017</u> |
|---|----------------------|----------------------|----------------------|----------------------|
| Contractually required contribution | \$ 291,733 | \$ 266,489 | \$ 269,891 | \$ 239,358 |
| Contributions in relation to the contractually required contribution | <u>(291,733)</u> | <u>(266,489)</u> | <u>(269,891)</u> | <u>(239,358)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 1,505,325 | \$ 1,393,040 | \$ 1,429,026 | \$ 1,301,842 |
| Contributions as a percentage of covered payroll | 19.38% | 19.13% | 18.89% | 18.39% |

¹ Information is not available prior to June 30, 2014. In future reports, additional years will be added until 10 years of historical data are presented.

| <u>June 30, 2016</u> | <u>June 30, 2015</u> | <u>June 30, 2014</u> |
|----------------------|----------------------|----------------------|
| \$ 233,942 | \$ 212,571 | \$ 194,190 |
| <u>(233,942)</u> | <u>(212,571)</u> | <u>(194,190)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 1,333,662 | \$ 1,258,763 | \$ 1,215,378 |
| 17.54% | 16.89% | 15.98% |

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Schedule of the District's Proportionate Share of the Net OPEB Liability ¹
PERA's Health Care Trust Fund
June 30, 2020

| | <u>June 30, 2020</u> | <u>June 30, 2019</u> | <u>June 30, 2018</u> | <u>June 30, 2017</u> |
|---|----------------------|----------------------|----------------------|----------------------|
| District's proportion of the net OPEB liability | 0.0159% | 0.0169% | 0.0168% | 0.0163% |
| District's proportionate share of the net OPEB liability | \$ 178,863 | \$ 229,847 | \$ 218,213 | \$ 211,359 |
| District's covered payroll | \$ 1,430,836 | \$ 1,428,820 | \$ 1,363,156 | \$ 1,287,196 |
| District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 12.50% | 16.09% | 16.01% | 16.42% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 24.49% | 17.03% | 17.53% | 16.72% |

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

¹ Information is not available prior to June 30, 2017. In future reports, additional years will be added until 10 years of historical data are presented.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Schedule of District Contributions ¹
PERA's Health Care Trust Fund
June 30, 2020

| | <u>June 30, 2020</u> | <u>June 30, 2019</u> | <u>June 30, 2018</u> | <u>June 30, 2017</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| Contractually required contribution | \$ 15,354 | \$ 14,209 | \$ 14,576 | \$ 13,279 |
| Contributions in relation to the contractually required contribution | <u>(15,354)</u> | <u>(14,209)</u> | <u>(14,576)</u> | <u>(13,279)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 1,505,325 | \$ 1,393,040 | \$ 1,429,026 | \$ 1,301,842 |
| Contributions as a percentage of covered payroll | 1.02% | 1.02% | 1.02% | 1.02% |

¹ Information is not available prior to June 30, 2017. In future reports, additional years will be added until 10 years of historical data are presented.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to the Required Supplementary Information

Note A – Budgetary data

The District adheres to the following procedures in compliance with Colorado Revised Statutes, establishing the budgetary data in the financial statements:

1. Budgets are required by state law for all funds. Prior to June 1, the superintendent of schools 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.
2. Public hearings are conducted by the board of education to obtain taxpayer comments.
3. Prior to June 30, the budget is adopted by formal resolution.
4. Prior to January 31, the board of education submits its adopted annual budget to the department of education.
5. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and reallocation of budget line items within any department in the General Fund rests with the superintendent of schools. Revisions that alter the total expenditures of any fund must be approved by the board of education.
6. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except that depreciation is not budgeted as an expense in the Food Service Fund.
7. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the board of education throughout the year. After budget approval, the District board of education may approve supplemental appropriations if an occurrence, condition, or need exists which was not known at the time the budget was adopted.
8. Appropriations lapse at year-end.

Note B – Factors affecting trends in amounts reported in the pension and OPEB schedules

Information about factors that significantly affect trends in the amounts reported in the Schedules of the District's Proportionate Share of the Net Pension and OPEB Liabilities and the Schedules of District Contributions is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Other Supplementary Information

Other supplementary information includes financial statements and schedules that are not required by the Governmental Accounting Standards Board, not a part of the basic financial statements, but are presented for purposes of additional analysis.

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Budgetary Comparison Schedules – General Fund

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting of the District's ordinary operations financed primarily from property and specific ownership taxes and state aid. It is the most significant fund in relation to the District's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2020

| | Budgeted Amounts | | | Variance with Final Budget Favorable (Unfavorable) |
|-------------------------------|------------------|--------------|--------------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Local sources | | | | |
| Property taxes | \$ 901,751 | \$ 1,260,010 | \$ 1,241,258 | \$ (18,752) |
| Specific ownership taxes | 64,869 | 73,762 | 119,366 | 45,604 |
| Delinquent taxes and interest | 1,000 | 1,000 | 621 | (379) |
| Earnings on investments | 7,000 | 15,000 | 23,852 | 8,852 |
| Pupil activities | 2,500 | 2,500 | 2,225 | (275) |
| Other local revenue | 36,800 | 46,869 | 85,943 | 39,074 |
| Total local sources | 1,013,920 | 1,399,141 | 1,473,265 | 74,124 |
| Intermediate sources | 25,017 | 25,017 | 32,319 | 7,302 |
| State sources | | | | |
| Equalization | 2,045,922 | 1,753,200 | 1,745,202 | (7,998) |
| Vocational education | 17,000 | 17,000 | 17,910 | 910 |
| ELPA professional development | 7,915 | 7,915 | 5,437 | (2,478) |
| English language proficiency | 5,890 | 5,890 | 4,630 | (1,260) |
| CPP tax check off funds | | | 569 | 569 |
| Transportation | 14,000 | 17,815 | 18,613 | 798 |
| School counselor grant | 80,000 | 80,000 | 76,213 | (3,787) |
| Small rural schools funding | 44,396 | 47,007 | 47,007 | - |
| Additional at-risk funding | | | 1,366 | 1,366 |
| READ Act | 15,000 | 15,000 | 8,310 | (6,690) |
| State grants to libraries | 3,500 | 4,500 | | (4,500) |
| On-behalf payment | | | 34,950 | 34,950 |
| Services within the BOCES | 32,062 | 40,351 | 51,811 | 11,460 |
| Total state sources | 2,265,685 | 1,988,678 | 2,012,018 | 23,340 |
| Federal sources | | | | |
| Coronavirus relief funds | | | 21,826 | 21,826 |
| Title I-A school improvement | | | 24,557 | 24,557 |
| REAP | 18,000 | 18,000 | 18,500 | 500 |
| Services within the BOCES | 34,150 | 34,521 | 34,175 | (346) |
| Total federal sources | 52,150 | 52,521 | 99,058 | 46,537 |
| Total revenues | \$ 3,356,772 | \$ 3,465,357 | \$ 3,616,660 | \$ 151,303 |

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DEER TRAIL SCHOOL DISTRICT NO. 26-J
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2020

| | Budgeted Amounts | | | Variance with Final Budget Favorable (Unfavorable) |
|------------------------------|------------------|--------------|--------------|---|
| | Original | Final | Actual | |
| Expenditures | | | | |
| Instruction | | | | |
| Salaries | \$ 1,094,546 | \$ 1,118,296 | \$ 1,047,794 | \$ 70,502 |
| Employee benefits | 424,001 | 427,886 | 375,929 | 51,957 |
| Purchased services | 228,304 | 242,955 | 171,324 | 71,631 |
| Supplies and materials | 97,449 | 118,374 | 75,440 | 42,934 |
| Property | 44,850 | 44,850 | 16,824 | 28,026 |
| Other | 4,550 | 4,550 | 2,844 | 1,706 |
| Total instruction | 1,893,700 | 1,956,911 | 1,690,155 | 266,756 |
| Supporting services | | | | |
| Students | | | | |
| Salaries | 66,427 | 69,927 | 69,147 | 780 |
| Employee benefits | 22,975 | 23,776 | 23,493 | 283 |
| Purchased services | 40,050 | 40,050 | 36,568 | 3,482 |
| Supplies and materials | 5,658 | 7,158 | 10,037 | (2,879) |
| Property | | | 774 | (774) |
| Total students | 135,110 | 140,911 | 140,019 | 892 |
| Instructional staff | | | | |
| Salaries | 1,750 | 1,750 | 1,750 | - |
| Employee benefits | 400 | 400 | 426 | (26) |
| Purchased services | 24,545 | 33,845 | 31,048 | 2,797 |
| Supplies and materials | 5,600 | 7,800 | 2,690 | 5,110 |
| Property | 12,000 | 5,500 | 7,351 | (1,851) |
| Total instructional staff | 44,295 | 49,295 | 43,265 | 6,030 |
| General administration | | | | |
| Salaries | 132,500 | 146,000 | 139,864 | 6,136 |
| Employee benefits | 52,250 | 52,250 | 52,231 | 19 |
| Purchased services | 38,950 | 43,200 | 34,194 | 9,006 |
| Supplies and materials | 8,000 | 8,799 | 6,498 | 2,301 |
| Property | 500 | 500 | | 500 |
| Other | 6,700 | 6,700 | 6,051 | 649 |
| Total general administration | 238,900 | 257,449 | 238,838 | 18,611 |

| | Budgeted Amounts | | | Variance with Final Budget Favorable (Unfavorable) |
|-------------------------------------|------------------|---------|---------|---|
| | Original | Final | Actual | |
| School administration | | | | |
| Salaries | 123,623 | 81,123 | 76,302 | 4,821 |
| Employee benefits | 58,365 | 47,965 | 32,786 | 15,179 |
| Purchased services | 9,500 | 9,500 | 2,480 | 7,020 |
| Supplies and materials | 3,000 | 5,000 | 3,682 | 1,318 |
| Property | 1,500 | 1,500 | 166 | 1,334 |
| Total school administration | 195,988 | 145,088 | 115,416 | 29,672 |
| Business services | | | | |
| Salaries | 43,500 | 43,500 | 42,700 | 800 |
| Employee benefits | 9,825 | 9,825 | 10,105 | (280) |
| Purchased services | 36,700 | 40,700 | 36,765 | 3,935 |
| Supplies and materials | 3,200 | 3,200 | 1,326 | 1,874 |
| Property | 2,000 | 3,000 | 1,850 | 1,150 |
| Other | 1,000 | 1,000 | 539 | 461 |
| Total business services | 96,225 | 101,225 | 93,285 | 7,940 |
| Operations and maintenance | | | | |
| Salaries | 77,500 | 92,500 | 75,947 | 16,553 |
| Employee benefits | 32,730 | 33,655 | 27,595 | 6,060 |
| Purchased services | 167,300 | 183,800 | 127,547 | 56,253 |
| Supplies and materials | 151,650 | 172,650 | 136,792 | 35,858 |
| Property | 5,500 | 5,500 | 15,386 | (9,886) |
| Total operations and maintenance | 434,680 | 488,105 | 383,267 | 104,838 |
| Student transportation | | | | |
| Salaries | 52,120 | 52,120 | 41,384 | 10,736 |
| Employee benefits | 11,585 | 11,585 | 10,033 | 1,552 |
| Purchased services | 34,750 | 34,750 | 22,057 | 12,693 |
| Supplies and materials | 23,000 | 23,000 | 9,115 | 13,885 |
| Property | 1,400 | 1,400 | | 1,400 |
| Other | 600 | 600 | 406 | 194 |
| Total student transportation | 123,455 | 123,455 | 82,995 | 40,460 |

(continued)

DEER TRAIL SCHOOL DISTRICT NO. 26-J
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2020

| (continued) | Budgeted Amounts | | Actual | Variance with Final Budget Favorable (Unfavorable) |
|--------------------------------|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Central support services | | | | |
| Salaries | 50,000 | 50,000 | 45,725 | 4,275 |
| Employee benefits | 17,485 | 17,485 | 17,601 | (116) |
| Purchased services | 56,250 | 57,250 | 51,186 | 6,064 |
| Supplies and materials | 12,300 | 14,800 | 13,738 | 1,062 |
| Property | 3,500 | 8,500 | 8,301 | 199 |
| Other | 750 | 750 | | 750 |
| Total central support services | 140,285 | 148,785 | 136,551 | 12,234 |
| Total supporting services | 1,408,938 | 1,454,313 | 1,233,636 | 220,677 |
| Debt service | | | | |
| Principal | 7,599 | 7,599 | 7,599 | - |
| Interest and fiscal charges | 7,901 | 7,901 | 85 | 7,816 |
| Total debt service | 15,500 | 15,500 | 7,684 | 7,816 |
| Total expenditures | <u>\$ 3,318,138</u> | <u>\$ 3,426,724</u> | <u>\$ 2,931,475</u> | <u>\$ 495,249</u> |

**Combining Statements and Budgetary Comparison Schedules –
Nonmajor Governmental Funds**

The District reports the following nonmajor governmental funds:

Special Revenue Funds – These funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- Food Service Fund – This fund is used to record financial transactions related to the District's food service operations.
- Pupil Activity Fund – This fund is used to record transactions related to school-sponsored pupil organizations and activities.

Capital Projects Fund – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

- Capital Reserve Capital Projects Fund – This fund was established to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2020

| | Food Service Fund | Pupil Activity Fund | Capital Reserve Capital Projects Fund | Totals |
|---------------------------------------|----------------------|------------------------|---|-------------------|
| Assets | | | | |
| Cash | \$ 20,059 | \$ 46,811 | \$ 104,353 | \$ 171,223 |
| Other receivables | 262 | | | 262 |
| Inventories | 1,944 | | | 1,944 |
| Total assets | <u>\$ 22,265</u> | <u>\$ 46,811</u> | <u>\$ 104,353</u> | <u>\$ 173,429</u> |
| Liabilities | | | | |
| Unearned revenue | \$ 262 | | | \$ 262 |
| Total liabilities | 262 | \$ - | \$ - | 262 |
| Fund balance | | | | |
| Nonspendable inventories | 1,944 | | | 1,944 |
| Restricted to food service | 20,059 | | | 20,059 |
| Committed to pupil activities | | 46,811 | | 46,811 |
| Committed to capital projects | | | 104,353 | 104,353 |
| Total fund balance | <u>22,003</u> | <u>46,811</u> | <u>104,353</u> | <u>173,167</u> |
| Total liabilities and fund balance | <u>\$ 22,265</u> | <u>\$ 46,811</u> | <u>\$ 104,353</u> | <u>\$ 173,429</u> |

DEER TRAIL SCHOOL DISTRICT NO. 26-J**Nonmajor Governmental Funds****Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2020**

| | Food Service Fund | Pupil Activity Fund | Capital Reserve Capital Projects Fund | Totals |
|---|----------------------|------------------------|---|------------|
| Revenues | | | | |
| Local sources | \$ 17,931 | \$ 50,366 | \$ 85 | \$ 68,382 |
| State sources | 4,085 | | | 4,085 |
| Federal sources | 48,373 | | | 48,373 |
| Total revenues | 70,389 | 50,366 | 85 | 120,840 |
| Expenditures | | | | |
| Instruction | | 45,716 | | 45,716 |
| Supporting services | 122,489 | | | 122,489 |
| Debt service | | | | |
| Principal retirement | | | 8,086 | 8,086 |
| Interest and fiscal charges | | | 73 | 73 |
| Total expenditures | 122,489 | 45,716 | 8,159 | 176,364 |
| Excess of revenues over (under) expenditures | (52,100) | 4,650 | (8,074) | (55,524) |
| Other financing sources | | | | |
| Transfers in | 51,316 | | 50,000 | 101,316 |
| Net change in fund balance | (784) | 4,650 | 41,926 | 45,792 |
| Fund balance at beginning of year | 22,787 | 42,161 | 62,427 | 127,375 |
| Fund balance at end of year | \$ 22,003 | \$ 46,811 | \$ 104,353 | \$ 173,167 |

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Food Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

| | Budgeted Amounts | | | Variance with Final Budget Favorable (Unfavorable) |
|---|------------------|-------------|-----------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Local sources | \$ 20,510 | \$ 28,510 | \$ 17,931 | \$ (10,579) |
| State sources | 1,500 | 2,115 | 4,085 | 1,970 |
| Federal sources | 39,000 | 48,400 | 48,373 | (27) |
| Total revenues | 61,010 | 79,025 | 70,389 | (8,636) |
| Expenditures | | | | |
| Food service operations | | | | |
| Salaries | 63,500 | 63,500 | 59,689 | 3,811 |
| Employee benefits | 28,960 | 28,960 | 19,627 | 9,333 |
| Purchased services | 4,400 | 4,400 | 3,517 | 883 |
| Supplies and materials | 56,750 | 56,750 | 39,656 | 17,094 |
| Property | 6,500 | 6,500 | | 6,500 |
| Other | 100 | 100 | | 100 |
| Total expenditures | 160,210 | 160,210 | 122,489 | 37,721 |
| Excess of revenues over (under) expenditures | (99,200) | (81,185) | (52,100) | 29,085 |
| Other financing sources | | | | |
| Transfers in | | | 51,316 | 51,316 |
| Net change in fund balance | \$ (99,200) | \$ (81,185) | (784) | \$ 80,401 |
| Fund balance at beginning of year | | | 22,787 | |
| Fund balance at end of year | | | \$ 22,003 | |

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Pupil Activity Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

| | Budgeted Amounts | | | Variance with Final Budget Favorable (Unfavorable) |
|---|------------------|-------------|-----------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Local sources | | | | |
| Earnings on investments | | | \$ 21 | \$ 21 |
| Fundraising and other events | \$ 90,000 | \$ 90,000 | 50,345 | (39,655) |
| Total revenues | 90,000 | 90,000 | 50,366 | (39,634) |
| Expenditures | | | | |
| Instruction | | | | |
| Purchased services | | | 25,681 | (25,681) |
| Supplies and materials | | | 18,312 | (18,312) |
| Property | | | 843 | (843) |
| Other | 105,000 | 105,000 | 880 | 104,120 |
| Total expenditures | 105,000 | 105,000 | 45,716 | 59,284 |
| Excess of revenues over (under) expenditures | \$ (15,000) | \$ (15,000) | 4,650 | \$ 19,650 |
| Fund balance at beginning of year | | | 42,161 | |
| Fund balance at end of year | | | \$ 46,811 | |

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Capital Reserve Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

| | Budgeted Amounts | | | Variance with Final Budget Favorable (Unfavorable) |
|---|------------------|-------------|------------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Local sources | | | | |
| Earnings on investments | \$ 25 | \$ 25 | \$ 85 | \$ 60 |
| Total revenues | 25 | 25 | 85 | 60 |
| Expenditures | | | | |
| Capital outlay | | | | |
| Purchased services | 35,000 | 35,000 | | 35,000 |
| Property | 70,000 | 70,000 | | 70,000 |
| Debt service | | | | |
| Principal retirement | 8,086 | 8,086 | 8,086 | - |
| Interest and fiscal charges | 75 | 75 | 73 | 2 |
| Total expenditures | 113,161 | 113,161 | 8,159 | 105,002 |
| Excess of revenues over (under) expenditures | (113,136) | (113,136) | (8,074) | 105,062 |
| Other financing sources | | | | |
| Transfers in | 50,000 | 50,000 | 50,000 | - |
| Net change in fund balance | \$ (63,136) | \$ (63,136) | 41,926 | \$ 105,062 |
| Fund balance at beginning of year | | | 62,427 | |
| Fund balance at end of year | | | \$ 104,353 | |

Budgetary Comparison Schedule - Debt Service Fund

The District reports the following major debt service fund:

Debt Service Fund – These funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

- Bond Redemption Fund – The revenues from a tax levy for the purpose of satisfying bonded indebtedness obligations, both principal and interest and related expenditures, shall be recorded in this fund.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Bond Redemption Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

| | Budgeted Amounts | | | Variance with Final Budget Favorable (Unfavorable) |
|-----------------------------------|-------------------|------------------|-------------------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Local sources | | | | |
| Property taxes | \$ 544,500 | \$ 533,850 | \$ 518,749 | \$ (15,101) |
| Specific ownership taxes | 420 | 420 | | (420) |
| Delinquent taxes and interest | 500 | 500 | 255 | (245) |
| Earnings on investments | 350 | 6,350 | 3,558 | (2,792) |
| Total revenues | 545,770 | 541,120 | 522,562 | (18,558) |
| Expenditures | | | | |
| Debt service | | | | |
| Principal | 250,000 | 250,000 | 250,000 | - |
| Interest and fiscal charges | 188,650 | 269,500 | 268,500 | 1,000 |
| Total expenditures | 438,650 | 519,500 | 518,500 | 1,000 |
| Net change in fund balance | <u>\$ 107,120</u> | <u>\$ 21,620</u> | 4,062 | <u>\$ (17,558)</u> |
| Fund balance at beginning of year | | | 419,185 | |
| Fund balance at end of year | | | <u>\$ 423,247</u> | |

Budgetary Comparison Schedule - Capital Projects Fund

The District reports the following major capital projects fund:

Capital Projects Fund – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

- Building Fund – This fund is a capital projects fund used to account for the revenues from a bond issuance and BEST grant funds for the purpose of the acquisition or construction of major capital facilities.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Building Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

| | Budgeted Amounts | | | Variance with Final Budget Favorable (Unfavorable) |
|---|------------------|------------|-------------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Local sources | \$ 1,000 | \$ 1,000 | \$ 22,497 | \$ 21,497 |
| State sources | 12,000,000 | 12,000,000 | 6,650,705 | (5,349,295) |
| Total revenues | 12,001,000 | 12,001,000 | 6,673,202 | (5,327,798) |
| Expenditures | | | | |
| Capital outlay | | | | |
| Property | 12,000,000 | 12,001,000 | 8,281,115 | 3,719,885 |
| Total expenditures | 12,000,000 | 12,001,000 | 8,281,115 | 3,719,885 |
| Excess of revenues over (under) expenditures | \$ 1,000 | \$ - | (1,607,913) | \$ (1,607,913) |
| Fund balance at beginning of year | | | 2,561,539 | |
| Fund balance at end of year | | | \$ 953,626 | |

**Colorado Department of Education
Supplementary Schedule**

Auditors' integrity report – This fiscal-year report is required by the Colorado Department of Education to maintain statewide consistency in financial reporting. This report is also used to gather financial data that could affect future state funding.

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Independent Auditors' Report on Auditors' Integrity Report

Board of Education
Deer Trail School District No. 26-J
Deer Trail, Colorado

We have audited the financial statements of the Deer Trail School District No. 26-J (the District) as of and for the year ended June 30, 2020, and our report thereon dated November 24, 2020 which expressed an unmodified opinion on those financial statements, appears on pages 1-2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Auditors' Integrity Report is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
November 24, 2020



Colorado Department of Education
Auditors Integrity Report
District: 0170 - Deer Trail 26J
Fiscal Year 2019-20
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 | 1,793,185 | 3,515,345 | 2,931,475 | | 2,377,054 |
| 18 Risk Mgmt Sub-Fund of General Fund | 0 | 0 | 0 | | 0 |
| 19 Colorado Preschool Program Fund | 0 | 0 | 0 | | 0 |
| Sub-Total | 1,793,185 | 3,515,345 | 2,931,475 | | 2,377,054 |
| 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 | 22,787 | 121,705 | 122,489 | | 22,003 |
| 22 Govt Designated-Purpose Grants Fund | 0 | 0 | 0 | | 0 |
| 23 Pupil Activity Special Revenue Fund | 42,161 | 50,366 | 45,716 | | 46,811 |
| 24 Full Day Kindergarten Mill Levy Override | 0 | 0 | 0 | | 0 |
| 25 Transportation Fund | 0 | 0 | 0 | | 0 |
| 31 Bond Redemption Fund | 419,185 | 522,562 | 518,500 | | 423,247 |
| 39 Certificate of Participation (COP) Debt Service Fund | 0 | 0 | 0 | | 0 |
| 41 Building Fund | 2,561,539 | 6,673,202 | 8,281,115 | | 953,626 |
| 42 Special Building Fund | 0 | 0 | 0 | | 0 |
| 43 Capital Reserve Capital Projects Fund | 62,427 | 50,085 | 8,159 | | 104,353 |
| 46 Supplemental Cap Const, Tech, Main Fund | 0 | 0 | 0 | | 0 |
| Totals | 4,501,284 | 10,933,264 | 11,907,453 | | 3,927,094 |
| Proprietary | | | | | |
| 50 Other Enterprise Funds | 0 | 0 | 0 | | 0 |
| 64 (63) Risk-Related Activity Fund | 0 | 0 | 0 | | 0 |
| 60,65-69 Other Internal Service Funds | 0 | 0 | 0 | | 0 |
| Totals | 0 | 0 | 0 | | 0 |
| Fiduciary | | | | | |
| 70 Other Trust and Agency Funds | 0 | 0 | 0 | | 0 |
| 72 Private Purpose Trust Fund | 0 | 0 | 0 | | 0 |
| 73 Agency Fund | 0 | 0 | 0 | | 0 |
| 74 Pupil Activity Agency Fund | 0 | 0 | 0 | | 0 |
| 79 GASB 34 Permanent Fund | 0 | 0 | 0 | | 0 |
| 85 Foundations | 0 | 0 | 0 | | 0 |
| Totals | 0 | 0 | 0 | | 0 |
| FINAL | | | | | |