Garfield School District RE-2

Financial Report

June 30, 2020

Garfield School District RE-2
Financial Report
June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Garfield School District RE-2
Rifle, Colorado

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Garfield School District RE-2, (the "District"), as of and for the year ended June 30, 2020, and the related noted 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 include the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S OPINION
To the Board of Education
Garfield School District RE-2

Opinions

In our opinion, the financial statements referred to above presently fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Garfield School District RE-2, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated February 3, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contract, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control over financial reporting and on compliance.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
February 3, 2021

Garfield School District RE-2

Management's Discussion and Analysis

Garfield School District No. Re-2

Management's Discussion and Analysis

June 30, 2020

As management of the Garfield School District No. Re-2 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020.

Overview of the Financial Statements

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

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

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

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

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The category that is reported in the District-wide financial statements is as follows:

- ***Governmental activities:*** The District's basic services are included here, such as instructional services, support services, and student activities.

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

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

Overview of the Financial Statements (continued)

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

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

The District adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for all funds to demonstrate compliance with state budget statutes.

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

Fiduciary Funds: Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the District's own programs. The Fiduciary Fund used by the District accounts for student clubs and other organizations which exist with the explicit approval of, and are subject to revocation by, the District's Board of Education.

The basic Fiduciary Fund financial statements can be found on page **C7** of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The Notes to the Financial Statements can be found on pages D1 – D37 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents supplementary information concerning the District's annual appropriated budgets with comparison statements that demonstrate compliance with budgets for all funds.

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District-wide Financial Analysis:

Garfield School District No. Re-2 Net Position:

The following table provides a summary of the District's net position as of the fiscal years ended June 30, 2019 and June 30, 2020.

	Governmental Activities	
	2020	**2019**
Assets:		
Current and other assets	$ 40,846,545	$ 33,487,934
Capital assets, net	100,390,872	106,840,670
Total Assets	141,237,417	140,328,604
Deferred Outflows of Resources:		
Charge on refunding	3,369,840	4,155,942
OPEB related deferred outflow	563,075	262,288
Pension related deferred outflow	17,390,472	27,048,442
Total Deferred Outflows	21,323,387	31,466,672
Liabilities:		
Current liabilities	9,709,062	6,494,895
Non-current liabilities:		
Bonded debt	70,618,913	77,435,108
Net OPEB Liability	3,884,091	4,268,731
Net Pension Liability	78,972,174	85,470,521
Total Liabilities	163,184,240	173,669,255
Deferred Inflows of Resources:		
OPEB related deferred inflow	804,289	116,634
Pension related deferred inflows	54,358,079	68,425,576
Total Deferred Inflows	55,162,368	68,542,210
Net Position:		
Invested in capital assets, net of related debt	29,771,959	29,405,562
Restricted for other purposes	11,886,756	11,983,936
Unrestricted	(97,444,519)	(111,805,687)
Total Net Position	$ (55,785,804)	$ (70,416,189)

Of the District's total assets in 2020, 62% are capital assets (e.g., land, buildings, and equipment). The District's depreciation of assets and asset deletions exceeded additions to capital assets by $6,449,798 for 2020. The District does not have sufficient funds to be able to keep up with depreciation of all capital assets, and is now maintaining records to estimate the amount of deferred maintenance, which is increasing each year. The District uses capital assets to provide instruction and related services to its students.

Since the 2014-15 financial statements, it was required to include the Net Pension Liability on the financial statements, which is the reason for the negative Total Net Position shown above. The Net Pension Liability takes the total assets of PERA (Public Employee Retirement Association), plus anticipated rates of return, less the anticipated amount that will be owed in the future for pension payments. The total PERA pension liability totals $78,972,174. This represents a $6,498,347 decrease in PERA pension liability. The decrease is primarily the result of PERA changing actuarial assumptions regarding discount rate and investment return.

The Net Position Restricted for Other Purposes includes the net position of the Bond Redemption Fund, and TABOR emergency reserves in the General, Capital Project, Pupil Activity, and Food Service Funds.

	Governmental Activities		
	2020	2019	Change
Revenues:			
Program revenues			
Charges for services	$ 891,023	$ 1,071,176	(180,153)
Operating grants, contributions	1,207,822	4,456,439	(3,248,617)
Capital grants, contributions	141,501	3,304	138,197
General revenues			
Property taxes	21,290,711	22,347,910	(1,057,199)
Specific ownership taxes	1,517,352	1,422,960	94,392
State revenue	36,488,429	34,202,393	2,286,036
Investment earnings	53,650	394,397	(340,747)
Grants	4,939,899	2,659,130	2,280,769
Gain/loss on disposal of assets	(1,739)	-	(1,739)
Total revenues	**66,528,648**	**66,557,709**	**(29,061)**
Expenses:			
Instructional programs	33,504,063	31,999,382	1,504,681
Supporting services	13,867,509	12,339,505	1,528,004
Student activities	545,876	777,059	(231,183)
Food services	1,244,210	1,265,374	(21,164)
Interest on long-term debt	2,736,611	2,725,867	10,744
Total Expenses	**51,898,269**	**49,107,187**	**2,791,082**
Change in net position before transfers	**14,630,379**	**17,450,522**	**(2,820,143)**
Transfers	-	20,900	(20,900)
Change in net position	***14,630,379***	***17,471,422***	**(2,841,043)**
Net position - July 1 (restated)	***(70,416,183)***	***(87,887,605)***	
Net position - June 30	***$ (55,785,804)***	***$ (70,416,183)***	

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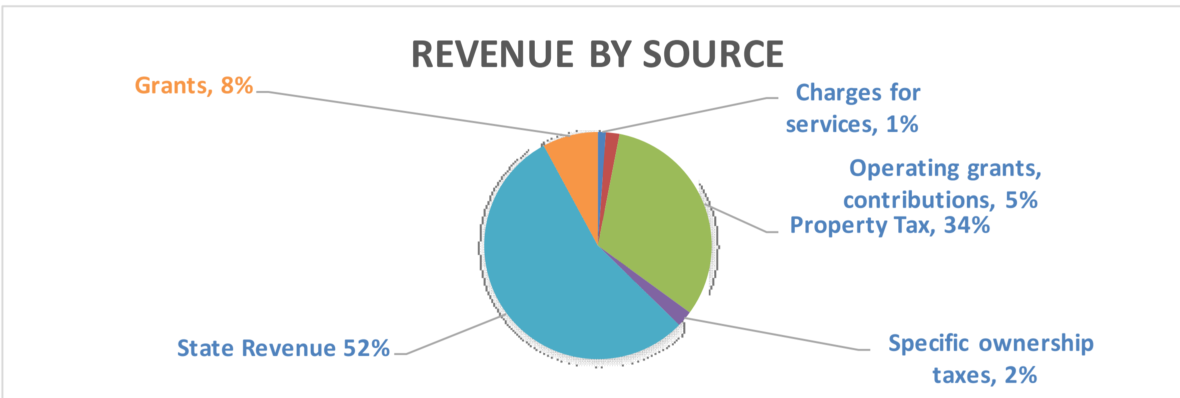
District-wide Financial Analysis (continued)

FINANCIAL STATEMENTS FOR 2017-18 and 2018-19

Governmental Activities: Net position may serve as an indicator of the District's financial position over time. The District's total net position increased by $14,630,383 during fiscal year 2020, which is a continued a trend from 2018-19, when the net position increased by $17,471,416. The decrease in PERA pension liability/expenses totaling $6,498,347 and the decrease in Other Post-Employment benefits of $384,640, pension related deferred inflows decreased by $14,067,497 and pension related deferred outflows increased by $9,657,970. The General Fund showed a net income of $4,475,272. Responsible causes include the District receiving $2,828,5830.08 in Corona Relief Funds (CRF) from the US Treasury and $493,875 in Elementary and Secondary Schools Emergency Relief (ESSER) Funds from the State of Colorado to be recognized upon use, operational savings due pivoting to online instruction in March 2020 and residual increases from the 2018 Mill Levy. These are the main reasons for the increase in total Net position for 2020. The additional PERA pension and Other Post Employment Benefit Liabilities are split amongst the above expenses based upon the percentage of total salaries in each category. The District had revenues from the following sources in 2019.



Financial Analysis of the District's Funds

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

Governmental Funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balances may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

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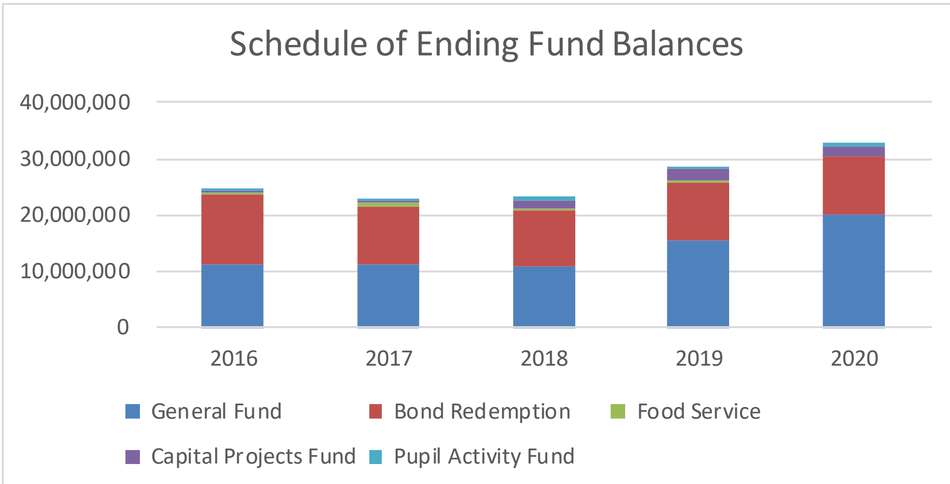
As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $32,738,618, a change of $4,255,949 compared to the prior year ending fund balances. The 2019 General Fund balance was restated in 2020 to increase grant revenue in the proper period by $662,645. The following graph provides a view of the District's ending fund balances for the last five fiscal years:



Budget Variances in the General Fund: The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

Budget vs. Actual Results, General Fund:

One of the most important variances to discuss is budgeted vs. actual revenues and expenditures in the general fund. The General Fund showed a change in fund balance totaling $4,475,272. This is a positive budget to actual variance of $4,230,567.

The District monitors variances that occur during the year, and includes a projection of year-end revenues and expenditures in the annual budget. All 2020 revenue and expenditure variances have been evaluated to determine whether they need to be included in the 2020 budget as a carryover or variance, to assure that the District is budgeting as closely as possible.

Capital Assets: The District's governmental capital assets, net of accumulated depreciation, totaled $100,390,872 as of June 30, 2020. The District capitalizes assets, including land, buildings and improvements, equipment, and construction in progress, with an original cost greater than $5,000. The District's investment in capital assets decreased government-wide, net of depreciation expense, of $6,449,797 for fiscal year 2020 due to depreciation costs and capital asset deletions in excess of additional capital improvements. This decrease in investment in capital assets is a good indicator that the District is incurring deferred maintenance items that will need to be addressed in future years. The funds for capital asset additions are expended from the Capital Projects Fund and the Grant Fund for capital projects funded by grants.

Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements on Pages **D14** of this report.

Non-Current Liabilities: As of the end of the current fiscal year, the District's non-current liabilities totaled $ $208,637,546 which consists primarily of represents net pension and OPEB liabilities and bonded debt.

Colorado School law limits the amount of bonded indebtedness to the greater of 20% of the most current valuation for assessment of the taxable property in the District as certified by the County Assessor's Office, or 6% of the most recent actual valuation of the taxable property in the District, as certified by the County Assessor's Office. The District's legal bonded debt limit as of June 30, 2020 is $161,234,494, which represents 20% of the certified assessed value of property within Re-2's taxing district.

Additional information, as well as a detailed classification of the District's total long-term liabilities, can be found in the Notes to the Financial Statements on pages **D15 – D38** of this report.

Economic Factors

The Public-School Finance Act of 1994 is the largest source of revenue for the District's operating funds. The School Finance Act calculates per-pupil funding by school district based upon a formula that takes in to account cost of living, number of students, district size, personnel vs. non-personnel costs, number of at-risk students, amongst other factors. The purpose of this act was to establish a financial base of support for public education, to move towards a uniform mill levy tax state-wide for all districts, and to limit future growth of and reliance upon property tax to support public education. Funding sources for the School Finance Act is derived by the following formula:

Total Program Funding = local property taxes + general specific ownership taxes + state equalization

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

Due to the two "black swan" events of the 2008 economic recession coupled with competing state constitutional funding amendments and the 2020 Covid-19 Pandemic, for a prolonged period of time the state has not been able to fund school districts at the level required by Amendment 23 of the Colorado Constitution. This funding anomaly continues to put additional strain on school district finances and the certainty of funding to be received each year. Furthermore, downward pricing pressure on natural gas and oil resources also negatively impacts assessed property values within Garfield County and the District.

The majority of the revenue in Re-2's general fund, approximately 80%, comes from the state's funding formula. We will focus on that funding stream, since it accounts for such a large percentage of the District's revenue.

Most school district operating revenue comes from the School Finance Act of 1994 (SFA). Under this act, the District received $8,123 per funded pupil in fiscal year 2019-20 with a funded pupil count of 4,802. SFA funding comes from general fund property taxes, specific ownership taxes, and state equalization. The District received 69% of SFA funding from the state and 23% from property taxes and specific ownership tax. Below is a graph that summarizes what has happened to SFA funding from 2010-11 to present, including student count data by year. Notice the sharp decline in funding per student between 2010-11 and 2012-13, due to cuts in K-12 education through the state. This reduction in funding was due to the legislature implementing a "negative factor"—now referred to as Budget Stabilization Factor--in the school finance funding formula, which is used to reduce school district funding in order to balance the state's budget. The total reduction from the negative factor between 2010-11 and 2016-17 totals $4.5 million for Garfield Re-2. Per student funding increased for 2018-19, and an additional increase has been realized for 2019-20.

Economic Factors (continued)

The difference between the student count and funding is as follows:

Student Count and Funding by Year

Year	Student Count	Per Student Funding
2010-11	4,980	$6,324
2011-12	4,717	$6,262
2012-13	4,730	$6,257
2013-14	4,818	$6,428
2014-15	4,828	$6,809
2015-16	4,847	$7,072
2016-17	4,898	$7,203
2017-18	4,813	$7,394
2018-19	4,789	$7,836
2019-20	4,802	$8,123

The District's total program per pupil funding was $8,123 for fiscal year 2020, a 3.66% increase between years. Despite this increase, the state's budget stabilization factor, also known as the "negative factor", has still reduced Amendment 23 funding, including the inflationary adjustments required by Amendment 23.

The State of Colorado is currently reviewing its 2021 budget. Colorado's K-12 funding forecasted for 2020 is showing currently that the State plans to fund inflation and student growth. The state's economic outlook will have an impact on next year's budget that is yet to be determined. Also, it is likely that the State will continue to increase the negative funding factor for K-12 education due to constitutional limitations on state-wide revenue growth. This will result in funding below inflation, or reduced funding, annually for school districts until the constitutional limitations are somehow fixed.

In November of 2018, the District's electorate approved an additional mill levy override of $4.9 million. All of this funding is sustaining operational expenditures including staff raises and teachers/aides to minimize class size

Next Year's Budget and Rates: The District's General Fund balance at the end of fiscal year June 30, 2020 totaled $20,081,652. Currently the school board targets its "Board Mandated" fund balance at a minimum of $8 million to be able to sustain the District during low cash flow months without the need to borrow from the state on a short-term basis. Given the increased fund balance, the district may consider increasing its mandated "board" reserve to between $10-$12 million subject to the approval of the Board.

The district received funds from the federal government for Covid-19 during the school year to be used for expenditures caused by the pandemic. The effects on property tax and state funding is not yet known.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Garfield School District No. Re-2, District Finance Director, 839 Whiteriver Avenue, Rifle, Colorado 81650.

Garfield School District RE-2

Basic Financial Statements

Garfield School District RE-2

Statement of Net Position
June 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 37,327,085
Accounts and taxes receivable	3,022,103
Due from other governments	455,968
Inventory	41,389
Total current assets	40,846,545
Capital assets:	
Land	1,105,238
Construction in progress	100,927
Buildings and improvements	180,475,832
Vehicles	4,527,474
Equipment	4,210,321
Less: accumulated depreciation	(90,028,920)
Net capital assets	100,390,872
Total assets	141,237,417
DEFERRED OUTFLOWS OF RESOURCES:	
Charge on refunding	3,369,840
Other post-employment health benefits deferred outflow	563,075
Pension related deferred outflow	17,390,472
Total deferred outflows of resources	21,323,387
LIABILITIES	
Current liabilities:	
Accounts and other payables	629,840
Accrued salaries and benefits	2,760,422
Accrued interest	327,941
Compensated absences	1,604,159
Unearned revenue	4,386,700
Total current liabilities	9,709,062
Noncurrent liabilities:	
Bonded debt and capital leases:	
Due within one year	6,400,000
Due in more than one year	64,218,913
Net other post employment liability	3,884,091
Net Pension Liability	78,972,174
Total noncurrent liabilities	153,475,178
Total liabilities	163,184,240
DEFERRED INFLOWS OF RESOURCES:	
Other post-employment health benefits deferred outflow	804,289
Pension related deferred inflow	54,358,079
Total deferred inflows of resources	55,162,368
NET POSITION	
Net investment in capital assets	29,771,959
Restricted for:	
TABOR	1,728,000
Debt service	10,158,756
Unrestricted	(97,444,519)
Total net position	$ (55,785,804)

The notes to information are an integral part to these financial statements.

GARFIELD SCHOOL DISTRICT RE-2
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	**Expenses**	**Program Revenues** Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	**Change in Net Position** Total Governmental Activities
Governmental Activities:					
Direct instruction	$ 29,250,069	$ 150,172	$ (1,650)	$ 141,501	$ (28,960,046)
Indirect instruction	4,253,994	-	-	-	(4,253,994)
Transportation	1,236,192	-	307,605	-	(928,587)
Custodial and maintenance	4,861,326	-	-	-	(4,861,326)
Support services	4,268,293	-	-	-	(4,268,293)
General administration	3,485,497	-	-	-	(3,485,497)
Community service	16,201	-	-	-	(16,201)
Student activities	545,876	490,251	56,826	-	1,201
Food service	1,244,210	250,600	845,041	-	(148,569)
Interest	2,736,611	-	-	-	(2,736,611)
Total	$ 51,898,269	$ 891,023	$ 1,207,822	$ 141,501	(49,657,923)

General revenues:	
Taxes:	
Local property taxes - levied for general operations	12,598,065
Local property taxes - levied for debt service	8,692,646
Specific ownership taxes	1,517,352
State revenue	36,488,429
Grants and contributions not restricted to specific programs	4,939,899
Interest and investment earnings	53,650
Gain (loss) on disposal of assets	(1,739)
Total general revenues and transfers	64,288,302
Change in net position	14,630,379
Net position, beginning (restated)	(70,416,183)
Net position, ending	$ (55,785,804)

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

GARFIELD SCHOOL DISTRICT RE-2

Balance Sheet

Governmental Funds

June 30, 2020

ASSETS AND OTHER DEBITS	General Fund	Bond Redemption Fund	Designated Purpose Grants Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	$ 25,298,835	$ 9,670,983	$ (97,425)	$ 1,999,425	$ 455,265	$ 37,327,083
Accounts and taxes receivable	1,694,544	1,068,424	-	-	128,089	2,891,057
Due from other governments	131,401	-	206,800	-	-	338,201
Inventories	-	-	-	-	41,389	41,389
Total assets and other debits	$ 27,124,780	$ 10,739,407	$ 109,375	$ 1,999,425	$ 624,743	$ 40,597,730
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES						
Liabilities:						
Accounts and other current payables	$ 540,885	$ -	$ -	$ 8,096	$ -	$ 548,981
Accrued compensation	2,709,230	-	51,192	-	80,861	2,841,283
Unearned revenue	3,793,012	-	58,183	37,005	-	3,888,200
Total liabilities	7,043,127	-	109,375	45,101	80,861	7,278,464
Deferred inflows of resources:						
Unavailable property taxes	-	580,651	-	-	-	580,651
Fund balances:						
Nonspendable:						
Inventory	-	-	-	-	41,389	41,389
Restricted:						
TABOR	1,606,000	-	-	63,000	59,000	1,728,000
Debt service	-	10,158,756	-	-	-	10,158,756
Committed	-	-	-	1,818,819	-	1,818,819
Assigned	-	-	-	72,505	443,493	515,998
Unassigned	18,475,653	-	-	-	-	18,475,653
Total fund balances	20,081,653	10,158,756	-	1,954,324	543,882	32,738,615
Total liabilities, deferred inflows, and fund balanc	$ 27,124,780	$ 10,739,407	$ 109,375	$ 1,999,425	$ 624,743	$ 40,597,730

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

GARFIELD SCHOOL DISTRICT RE-2
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2020

Governmental Funds Total Fund Balance		$ 32,738,615
Add:		
Property taxes receivable will be collected this calendar year, but are not available soon enough to pay for the current period's expenditures, and therefore, are deferred inflows in the funds.		82,150
Contributions and grants that are receivable but will not be available soon enough to pay for the current period's expenditures, and therefore, are deferred inflows in the funds.		248,820
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds:		
Capital assets	190,419,791	
Accumulated depreciation	(90,028,921)	100,390,870
Charges such as refunding costs on bonded debt, are treated as current transactions on the fund financial statements, but are capitalized and amortized on the Statement of Net Position:		
Refunding costs		3,369,840
Less:		
Long-term liabilities, including bonds payable, premiums and discounts on bonds, accrued compensated absences, net pension liability, and accrued interest are not due and payable in the current period and therefore, are not reported in the funds. This is the amount of District long-term liabilities:		
Bond debt and interest coupons	(68,240,000)	
Accrued compensated absences	(1,604,159)	
Net other post employement benefits	(3,884,091)	
Net pension liability	(78,972,174)	
Premiums and discounts on bonded debt	(2,378,913)	
Accrued interest	(327,941)	(155,407,278)
Changes in pension related actuarial assumptions, proportion of collective pension amounts, differences between actual and expected experience and investment earnings, and differences between actual and annualized contributions to the pension plan are recorded as deferred inflows or outflows of resources and amortized over the average remaining service life of all active and inactive plan members.		
Unamortized other post employement benefits deferred outflows	563,075	
Unamortized other post employement benefits deferred inflow	(804,289)	
Unamortized pension-related deferred outflows	17,390,472	
Unamortized pension-related deferred inflows	(54,358,079)	(37,208,821)
Governmental Activities Net Position		$ (55,785,804)

The accompanying notes are an integral part of these statements.

GARFIELD SCHOOL DISTRICT RE-2
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Bond Redemption Fund	Designated Purpose Grants Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property taxes	$ 12,696,324	$ 8,692,646	$ -	$ -	$ -	$ 21,388,970
Specific ownership taxes	1,517,352	-	-	-	-	1,517,352
State income	38,444,325	-	89,710	104,892	21,422	38,660,349
Federal income	1,772,340	-	846,702	-	801,545	3,420,587
Investment Income	306,094	52,511	-	-	1,139	359,744
Other	597,774	-	72,700	10,000	819,751	1,500,225
Total revenues	55,334,209	8,745,157	1,009,112	114,892	1,643,857	66,847,227
EXPENDITURES						
Current:						
Direct instruction	30,074,609	-	123,335	-	-	30,197,944
Indirect instruction	4,410,843	-	882,643	-	-	5,293,486
Transportation	1,630,406	-	1,643	-	-	1,632,049
Custodial and maintenance	5,617,342	-	-	-	-	5,617,342
Support services	2,578,918	-	-	-	1,527	2,580,445
General administration	5,655,784	-	-	-	-	5,655,784
Community service	14,669	-	1,491	-	-	16,160
Student activities	-	-	-	-	511,712	511,712
Food service	-	-	-	-	1,364,306	1,364,306
Debt service:						
Principal	-	6,275,000	-	-	-	6,275,000
Interest	124,614	2,551,401	-	-	-	2,676,015
Other	-	15,936	-	-	-	15,936
Capital outlay	166,262	-	-	588,840	-	755,102
Total expenditures	50,273,447	8,842,337	1,009,112	588,840	1,877,545	62,591,281
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,060,762	(97,180)	-	(473,948)	(233,688)	4,255,946
OTHER FINANCING SOURCES (USES)						
Transfers in (out)	(585,489)	-	-	510,489	75,000	-
Total other financing sources (uses)	(585,489)	-	-	510,489	75,000	-
NET CHANGE IN FUND BALANCES	4,475,273	(97,180)	-	36,541	(158,688)	4,255,946
FUND BALANCES, BEGINNING (restated)	15,606,380	10,255,936	-	1,917,783	702,570	28,482,669
FUND BALANCES, ENDING	$ 20,081,653	$ 10,158,756	$ -	$ 1,954,324	$ 543,882	$ 32,738,615

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

GARFIELD SCHOOL DISTRICT RE-2
Reconciliation of Revenues, Expenditures and Change in Fund Balances
of Governmental Funds to the Statement of Activities
June 30, 2020

Governmental Funds Change in Fund Balances	$	4,255,946
Add:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlays reported as expenditures in the governmental funds.		578,697
Debt and capital lease principal payments and transfer to refunding escrow result in a reduction of accumulated resources on the fund financial statements. The government-wide statements show these payments and refunding of bond premium as reductions against long-term liabilities.		6,275,000
Accrued compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in accrued compensated absences during the year.		(171,207)
The costs of advanced refunding of bonds is expensed on the funds, but is capitalized and amortized over the life of the bonds on the government-wide financial statements. Also, accrued interest is recorded as incurred instead of when paid on the funds. This is the impact on interest expense from these items.		(185,207)
The disposal of assets can result in a gain or loss equal to the difference between the sales proceeds and the book value of the asset. This is the gain or loss on the sale of District assets.		(1,739)
Changes in the District's net post-employment health benefits obligation reportec in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in District's net post-employment health benefits obligation during the year, including differences between District contributions to the plan and amortization of post-employment health benefits related deferrals.		(2,228)
The net pension liability and related deferrals reported in the Statement of Activities do not require the use of current financial resources. This is the difference between employer contributions to the pension plan and the change in the pension liability and amortization of pension deferrals.		10,907,873
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense reported as an expenditure in the governmental activities' functions.		(7,026,756)
Governmental Activities Change in Net Position	$	14,630,379

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

GARFIELD SCHOOL DISTRICT RE-2
Statement of Fiduciary Net Position
Agency Fund
June 30, 2020

ASSETS		
Cash and cash equivalents	$	63,896
Total assets	$	63,896
LIABILITIES		
Due to student activities		63,896
Total liabilities	$	63,896

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

Garfield School District RE-2

Notes to the Financial Statements

I. Summary of Significant Accounting Policies

Garfield School District RE-2 (the "District") is one of three public school districts within Garfield County, Colorado. The District provides academic and vocational curriculum, student transportation, food services, athletic and cultural extracurricular activities, maintenance and general administrative services. The District's boundaries include the towns of New Castle, Silt and Rifle. The District's mission is to *"provide engaging educational experiences in a safe environment for students and staff which results in exemplary learning and teaching".* The District operates the following schools:

Elementary Schools	**Middle Schools**	**High School**
Wamsley Elementary	Riverside Middle School	Rifle High School
Kathryn Senor	Rifle Middle School	Coal Ridge High School
Cactus Valley Elementary		
Highland Elementary		
Graham Mesa Elementary		
Elk Creek Elementary		

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

The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The District was formed under the laws of the State of Colorado and operates under an elected Board of Education. As required by GAAP, the financial statements of the reporting entity include those of the District and its component units, entities for which the District is considered financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon the above criteria, the District is not financially accountable for any other organization. No additional separate governmental units, agencies or nonprofit organizations are included in the financial statements of the District.

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

I. Summary of Significant Accounting Policies (continued)

B. District-wide and Fund Financial Statements

The District's basic financial statements include both District-wide (financial activities of the overall District, except for fiduciary activities) and fund financial statements (reporting the District's major funds). Both the District-wide and fund financial statements categorize primary activities as either governmental or business-type. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The District has no business-type activities.

1. District-wide Financial Statements

In the District-wide Statement of Net Position, the governmental column is (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted; and unrestricted.

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

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

2. Fund Financial Statements

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

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements (continued)

The *Bond Redemption Fund* accounts for transactions related to the District's general obligation bonds and interest.

The *Designated Purpose Grant Fund* accounts for various grants received by the District.

The *Capital Projects Fund* accounts for acquisitions of capital items.

The District reports the following fiduciary fund type:

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

1. Long-term Economic Focus and Accrual Basis

The governmental activities in the government-wide financial statements and fiduciary financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

2. Current Financial Focus and Modified Accrual Basis

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

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

3. Financial Statement Presentation

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

D. Financial Statement Accounts

1. Cash and Cash Equivalents

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

2. Investments

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

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

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

3. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

4. Property Taxes

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

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Inventory

Inventory is valued at lower of cost or market, using the first-in, first-out method. Inventory in the Food Services Fund consists of food and non-food items purchased in advance of consumption.

6. Interfund Receivables and Payables

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

7. Capital Assets

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

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

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

Assets	Years
Buildings and improvements	10 - 50
Equipment	5 - 20
Vehicles	10

8. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow if resources (expense/expenditures) until then. The District has three items, charge on refunding, pension, and other post-employment related deferred outflows, which qualify for reporting under this category on the Statement of Net Position. A charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

8 Deferred Outflows and Inflows of Resources (continued)

Deferred inflows of resources represent an acquisition of net position that applied to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category, unavailable property taxes on the Governmental Funds Balance Sheet and pension related deferred inflows, reported in the Statement of Net Position. These amounts are deferred and recognized as an inflow from resources in the period that the amounts become available.

See Note III (H and I) below for discussion on pension and OPEB related deferred outflows and inflows.

9. Pensions

Pensions. 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, 2019

10. Defined Benefit Other Post Employment Benefit (OPEB) Plan

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

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

11. Compensated Absences

Vested or accumulated leave that is expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the governmental fund that will pay it, which is the General Fund. Amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are reported in the governmental activity's column in the District-wide financial statements. Vested or accumulated leave of the proprietary fund type is recorded as an expense and a liability of that fund as the benefits accrue to employees. In accordance with provisions of GASB No. 16, *Accounting for Compensated Absences,* no liability is recorded for non-vesting accumulating rights.

12. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt is reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the fund financial statements.

13. Fund Balance Classifications

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

The District classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

13. Fund Balance Classifications (continued)

Spendable Fund Balance:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Education. The District's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the Board of Education platform to review, and/or make changes to each department's budget. Before year end, a budgetary committee will meet again with each department for final review and approval of preliminary budget. The Budget is then formally presented to the Board of Education via an advertised public process for their review, revisions and final approval by year end. All subsequent budget requests made during the year, after the Board of Education approval, must be presented via a public process and again approval by the Board of Education.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board of Education or its management designee.

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

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District has a formal minimum fund balance policy requiring $8,000,000 of total fund balance for the General Fund. However, the District's budget includes a calculation of a targeted reserve positions and the Administration calculates targets and report them annually to the Board of Education.

In addition to the above note disclosure, GASB54 requires disclosure of the following fund definitions.

General Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

13. Fund Balance Classifications (continued)

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

Capital Projects Funds **-** Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Debt Service Funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

14. Interfund Transactions

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

15. Use of Estimates

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

16. Credit Risk

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

II. Stewardship, Compliance, and Accountability

A. Bond Trustee

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

B. Budgetary Information

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

As required by Colorado Statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for 2020.

1. The proposed budget was submitted to the Board of Education by May 31 of the year preceding the budget year. The proposed budget must include a description of major educational objectives and how the proposed budget fulfills those objectives.

2 Notice was published within ten (10) days which contained: availability of proposed budget for inspection, date and time of budget adoption meeting, and that any County taxpayer may file objections prior to the adoption of the budget.

3 The Board of Education certified revenue requirements to the local County Commissioners prior to December 15.

4. The final budget was adopted prior to June 30, along with an appropriation resolution.

During the year, supplemental appropriation resolutions were necessary. The budgetary comparison statements reflect the original budget and the final budget after legally authorized revisions were made.

C. TABOR Amendment

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

II. Stewardship, Compliance, and Accountability (continued)

C. TABOR Amendment (continued)

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

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending. The District has reserved $1,728,000 of its June 30, 2020 fund balances for this purpose.

In 1998, the District's electorate approved the following ballot question: *"Without any increase in its property tax mill levy, shall Garfield School District No. Re-2 be authorized to collect, retain, and expend all revenues and other funds collected in this fiscal year and in each fiscal year hereafter from any source, including without limitation the full revenue authorized under the Colorado Public School Finance Act of 1994, as amended, or under any successor act, notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution?".*

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

III. Detailed Notes on All Funds

A. Deposits and Investments

The District maintains a cash pool in which all funds participate. Each fund's position in this pool is a component of "Cash and Cash Equivalents" as displayed on the Statement of Net Position. In addition, several of the District's funds may include cash and investments held separately that are restricted for various purposes.

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first $250,000 of the District's deposits at each financial institution for interest-bearing accounts. Non-interest-bearing accounts are fully insured. Deposit balances for interest-bearing accounts over $250,000 are collateralized as required by PDPA.

The District is governed by the deposit and investment limitations of state law. The deposits and investments, which also include agency funds, at June 30, 2020, are as follows:

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Type:	Standard & Poors Rating	Balance	Maturities Less Than One Year	Maturities Less Than Five Years
Deposits:				
Petty cash	Not rated	$ 12,262	$ 12,262	$ -
Checking accounts	Not rated	829,631	829,631	-
Investments:				
Investment pools	AAAm	26,881,991	26,881,991	-
Federal Home Loan Bank	AA+	727,352	727,352	-
Cash w ith fiscal agent	Not rated	8,939,745	8,939,745	-
		$ 37,390,981	$ 37,390,981	$ -

Fair Value of Investments

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

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

At June 30, 2020, the District had the following recurring fair value measurements:

Investments Measuired at Fair Value	Total	Fair Value Measurements Using Level 1	Level 2	Level 3
U.S. Agencies	$ 727,352	$ 727,352	$ -	$ -
Total	$ 727,352	$ 727,352	$ -	$ -

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using quoted prices for identical securities in markets that are not active. Level 3 items are valued using consensus pricing, management's estimate, and appraisal services. and the Colorado Surplus Asset Fund Trust ("CSAFE").

The Investment Pool represents investments in in Colorado Government Liquid Asset Trust ("COLOTRUST"). The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool. At June 30, 2020, the District's investments in COLOTRUST were 11% of the District's investment portfolio. The District had $4,074,825 invested in COLOTRUST at year end. The Colorado Surplus Asset Fund Trust ("CSAFE") were 62% of the investment portfolio and was measured at net amortized cost. The District had investments of $22,807,166 with CSAFE at year end.

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Interest Rate Risk. The District's formal investment policy limits investment maturities as required by state statutes as means of managing its exposure to fair value losses arising from increasing interest rates. State statutes require the District to limit maturities to five years from the date of purchase. Maturities of investments held at June 30, 2020 are provided in the previous schedule. The District coordinates its investment maturities to closely match cash flow needs.

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

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

B. Receivables and Unavailable Revenue

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

	General Fund	Bond Redemption Fund	Designated Purpose Grants Fund	Capital Projects Fund
Receivables:				
Taxes	$ 1,685,646	$ 1,068,418	$ -	$ -
Accounts	13,114	-	-	-
Intergovernmental	127,185	-	206,800	-
Gross receivables	1,825,945	1,068,418	206,800	-
Less: allowance for uncollectible	-	-	-	-
Net Receivables	$ 1,825,945	$ 1,068,418	$ 206,800	$ -

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. This includes unavailable revenue for property taxes levied in fiscal year 2020 but not available until 2021.

III. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 1,105,238	$ -	$ -	$ 1,105,238
Construction in progress	209,002	125,983	(234,058)	100,927
Total capital assets, not being depreciated	1,314,240	125,983	(234,058)	1,206,165
Capital assets, being depreciated:				
Buildings and improvements	180,016,530	461,717	(2,415)	180,475,832
Vehicles	4,527,474	-	-	4,527,474
Equipment	4,045,660	225,055	(60,393)	4,210,322
Total capital assets being depreciated	188,589,664	686,772	(62,808)	189,213,628
Total capital assets - Cost	189,903,904	812,755	(296,866)	190,419,793
Less accumulated depreciation for:				
Buildings and improvements	(76,700,619)	(6,501,696)	676	(83,201,639)
Vehicles	(3,330,688)	(190,938)	-	(3,521,626)
Equipment	(3,031,927)	(334,122)	60,393	(3,305,656)
Total accumulated depreciation	(83,063,234)	(7,026,756)	61,069	(90,028,921)
Governmental activities capital assets, net	$ 106,840,670	$ (6,214,001)	$ (235,797)	$ 100,390,872

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

	Capital Outlay	Depreciation Expense
Governmental activities:		
Direct instruction	$ 286,275	$ 5,968,136
Student activities	41,050	32,764
Food Service	12,933	53,672
Support services	238,439	972,184
Total - governmental activities	$ 578,697	$ 7,026,756

D. Interfund Transfers

Transfers for fiscal year 2020 were as follows:

Transfer In (Out)	Amount	Transfer Purpose
General Fund	$ (585,489)	To fund District projects and food service
Non - Major Governmental	75,000	To help fund food service
Capital Projects Fund	510,489	To help fund capital acquisitions
Total	$ -	

III. Detailed Notes on All Funds (continued)

E. Operating Leases

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

F. Long-term Debt

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

1. General Obligation Bonds, Series 2009

On January 28, 2009, the District issued General Obligation Bonds, Series 2009 in the amount of $9,700,000. The issuance also included $285,000 of supplemental interest coupons. Proceeds from the bonds were used to finance the acquisition, construction, installation and equipping of upgrades to District buildings. The bonds are issued in denominations of $5,000 and bear interest rates ranging from 4.15% to 5.00% and are subject to early redemption on or after December 1, 2019. The District's debt matures in 2028. These bonds were refunding through issuance of General Obligation Refunding Bonds, Series 2019

2. General Obligation Refunding Bonds, Series 2009B

On December 29, 2009, the District issued General Obligation Refunding Bonds, Series 2009B in the amount of $16,065,000. Net proceeds, after issuance costs, from the bonds were deposited with an escrow agent to be used to refund a portion of the General Obligation Refunding Bonds, Series 2001, 2002, and 2003. The bonds are issued in denominations of $5,000 and bear interest rates ranging from 2.50% to 5.00% and are not subject to early redemption. The District's debt matures in 2021. A portion of the 2005 General Obligation Bonds were redeemed via a refunding through the issuance of General Obligation Refunding Bonds, Series 2016.

3. General Obligation Refunding Bonds, Series 2010

On July 29, 2010, the District issued General Obligation Refunding Bonds, Series 2010 in the amount of $13,865,000. Net proceeds, after issuance costs, from the bonds were deposited with an escrow agent to be used to refund a portion of the General Obligation Refunding Bonds, Series 2003. The bonds are issued in denominations of $5,000 and bear interest rates ranging from 2.00% to 4.00%. Certain bonds are subject to early redemption, without premium, at the option of the District. The District's debt matures in 2025.

III. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

4. General Obligation Refunding Bonds, Series 2012

On February 20, 2012, the District issued General Obligation Refunding Bonds, Series 2012 in the amount of $17,195,000. Net proceeds, after issuance costs, from the bonds were deposited with an escrow agent to be used to refund a portion of the General Obligation Refunding Bonds, Series 2006. The bonds are issued in denominations of $5,000 and bear interest rates ranging from 2.00% to 5.00%. Certain bonds are subject to early redemption, without premium, at the option of the District. The debt matures in 2024.

5. General Obligation Refunding Bonds, Series 2013A&B

On January 15, 2013, the District issued General Obligation Refunding Bonds, Series 2013A&B. The Series A bonds were issued in the amount of $9,445,000. The Series B bonds were issued in the amount of $11,360,000 and are taxable general obligation refunding bonds. The bonds are issued in denominations of $5,000 and bear interest rates ranging from 2.00% to 3.05%. The bonds maturing on and before December 1, 2022 are not subject to early redemption prior to their respective maturity dates. The debt matures in 2027.

6. General Obligation Refunding Bonds, Series 2014

On February 26, 2014, the District issued General Obligation Refunding Bonds, Series 2014. The bonds were issued in the amount of $8,925,000 and the proceeds were used to partially refund General Obligation Bonds, Series 2006 and 2007. The bonds are issued in denominations of $5,000 and bear interest rates ranging from 1.5% to 3.5%. The bonds maturing on and before December 1, 2023 are not subject to early redemption prior to their respective maturity dates. The debt matures in 2023.

7. General Obligation Refunding Bonds, Series 2015

On February 11, 2015, the District issued General Obligation Refunding Bonds, Series 2014. The bonds were issued in the amount of $8,820,000 and the proceeds were used to partially refund General Obligation Bonds, Series 2006 and 2007. The bonds are issued in denominations of $5,000 and bear interest rates ranging from 1.5% to 4.0%. The bonds maturing on and before December 1, 2025 are not subject to early redemption prior to their respective maturity dates. The debt matures in 2027.

8. General Obligation Refunding Bonds, Series 2016

On January 6, 2016, the District issued General Obligation Refunding Bonds, Series 2016. The bonds were issued in the amount of $8,900,000 and the proceeds were used to partially refund General Obligation Bonds, Series 2005 and 2009. The bonds are issued in denominations of $5,000 and bear interest rates ranging from 2.0% to 4.0%. The bonds maturing on and before December 1, 2018 are not subject to early redemption prior to their respective maturity dates. The debt matures in 2028.

I. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

9. General Obligation Refunding Bonds, Series 2019

On June 12, 2019 the District issued General Obligation Refunding Bonds, Series 2019. The bonds were issued in the amount of $1,980,000 and the proceeds were used to refund the General Obligation Bond, series 2009. The bonds are issued in denominations of $5,000 and bear interest rates ranging from 3.0% to 4.0%. The bonds maturing on and before December 1, 2028 are not subject to early redemption prior to their respective maturity dates. The debt matures in 2028.

10. Defeasance of Debt

As noted above, proceeds of the 2009B, 2010, 2012, 2013A&B, 2014, 2015, 2016, and 2019 refunding bond issuances were used to purchase U.S. government securities to retire previous bond issues. Sufficient U.S. government, state and local governmental securities were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District's financial records. The amount of the District's defeased debt is not readily determinable.

11. Schedule of Future Payments

The District's aggregate annual debt service requirements at June 30, 2020, are as follows:

Fiscal Year Ending	Bonded Debt & Int. Coupons Total Principal	Total Interest
2021	6,400,000	$ 2,551,401
2022	6,635,000	2,356,741
2023	6,995,000	2,086,146
2024	7,225,000	1,820,066
2025	7,555,000	1,546,830
2026 - 2030	33,430,000	3,547,875
Total	$ 68,240,000	$ 13,909,059
Add: Unamortized bond premium	2,378,913	
Total debt	$ 70,618,913	

II. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

14. Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	(Reductions)	Balance June 30, 2020	Due Within One Year
Governmental Activities:					
General Obligation Bonds, Series 2009B	4,855,000	-	(1,555,000)	3,300,000	1,610,000
Refunding Bonds, Series 2010	13,185,000	-	(75,000)	13,110,000	80,000
Refunding Bonds, Series 2012	16,505,000	-	(75,000)	16,430,000	3,685,000
General Obligation Refunding Bonds, Series 2013	8,975,000	-	(75,000)	8,900,000	80,000
General Obligation Taxable Refunding Bonds, Series 201:	10,565,000		(130,000)	10,435,000	135,000
General Obligation Refunding Bonds, Series 2014	7,510,000	-	(4,300,000)	3,210,000	775,000
General Obligation Refunding Bonds, Series 2015	3,765,000	-	-	3,765,000	-
General Obligation Refunding Bonds, Series 2016	7,175,000	-	-	7,175,000	-
General Obligation Refunding Bonds, Series 2019	1,980,000	-	(65,000)	1,915,000	35,000
Accrued compensated absences	1,432,953	1,604,159	(1,432,953)	1,604,159	1,604,159
Net Other Post Employment Benefits	4,268,731	-	(384,640)	3,884,091	-
Net Pension Liability	85,470,521	-	(6,498,347)	78,972,174	-
Total	$165,687,205	$ 1,604,159	$ (14,590,940)	$152,700,424	$ 8,004,159

In 2005, the District signed a Debt Service Forward Delivery Agreement with JP Morgan Trust Company. The agreement provided for a one-time payment to the District for $615,000. The agreement proceeds were utilized for the construction of District school buildings. The agreement effectively allows for the sale of a portion of District future investment income through July 1, 2025. Future pledged revenue amounts due under this agreement are as follows:

Fiscal Year Ending:	Total
2021	$ 48,723
2022	48,723
2023	48,723
2024	48,723
2025	12,817
Total	$ 207,710

III. Detailed Notes on All Funds (continued)

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

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

Benefits provided as of December 31, 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. § 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 2.50 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 2.50 percent and then multiplied by years of service credit
- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

III. Detailed Notes on All Funds (continued)

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

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 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, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.25 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

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

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

Contribution provisions as of June 30, 2020: Eligible employees, the District, and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Eligible employees are required to contribute 8.75 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:

	July 1, 2019 Through June 30, 2020
Employer Contribution Rate	10.40%
Amount of the Employer Contribution apportioned to the Health Care Turst Fund as specified in C.R.S.24-51-208(1)(f)	(1.02)%
Amount Apportioned to the SCHDTF	9.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. 24-51-411	4.50%
Supplemental Amortization Equalization Disbursment (SAED as presented in C.R.S 24-51-411)	5.50%
Total Employer Contribution Rate to the SCHDTF	19.38%

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

III. Detailed Notes on All Funds (continued)

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

As specified in C.R.S. § 24-51-413, the State is required to contribute $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

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 $4,961,190 for the year ended June 30, 2020.

Pension Liabilities: 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 June 30, 2020, the District reported a liability of $78,972,174 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

The District's proportionate share of the net pension liability	$	87,861,315
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District		8,889,141
Total	$	78,972,174

At December 31, 2019, the District's proportionate share was 0.3456%, as compared to its proportionate share of 0.3138% at December 31, 2018.

Pension Expense: For the year ended June 30, 2020, the District recognized pension expense of $4,288,601 and revenue of $758,663 for support from the State as a nonemployer contributing entity.

III. Detailed Notes on All Funds (continued)

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

Deferred Outflows of Resources and Deferred Inflows of Resources: At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 4,304,036	$ -
Changes of assumptions or other inputs	2,254,535	35,821,030
Net difference between projected and actual earnings on pension plan investments	-	9,355,040
Changes in proportionate share of contributions	7,802,698	9,177,924
Difference between actual and reported contributions recognized	3,390	4,085
Contributions subsequent to the measurement date	3,025,813	-
Total	$ 17,390,472	$ 54,358,079

Contributions subsequent to the measurement date of December 31, 2019, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability calculated at the December 31, 2020 measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	$ (23,461,210)
2022	(15,030,472)
2023	1,680,569
2024	(3,182,307)
	$ (39,993,420)

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

Actuarial cost method	Entry age
Price inflation	2.40 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
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	1.25 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

III. Detailed Notes on All Funds (continued)

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

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

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

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

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

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

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 by the investment consultant 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.

III. Detailed Notes on All Funds (continued)

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

As of 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:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
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	1.00%	0.20%
Total	**100.00%**	

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

Discount rate. The discount rate used to measure the total pension liability was 7.25 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%.
- 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.

III. Detailed Notes on All Funds (continued)

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

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

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.43 percent were used in the discount rate determination resulting in a discount rate of 4.78 percent, 2.47 percent lower compared to the current 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:

III. Detailed Notes on All Funds (continued)

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Collective net pension liability	19,813,351,000	14,939,783,000	10,847,998,000
Proportionate share of net pension liability	104,734,011	78,972,174	57,342,867

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

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. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SCHDTF are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

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

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

III. Detailed Notes on All Funds (continued)

H. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (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. § 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. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

III. Detailed Notes on All Funds (continued)

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

DPS Benefit Structure. The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The 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. For the year ended June 30, 2020, the District's contributions to HCTF were approximately $311,363.

Liabilities. At June 30, 2020, the District reported a liability of $3,884,091 for its proportionate share of the net OPEB liability. The net 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 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.

III. Detailed Notes on All Funds (continued)

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

Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the District recognized OPEB expense of $311,363. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 12,889	$ 652,670
Changes of assumptions or other inputs	32,224	-
Net difference between projected and actual earnings on pension plan investments	-	64,831
Changes in proportionate share of contributions	355,975	86,788
Difference between actual and reported contributions recognized	2,933	-
Contributions subsequent to the measurement date	159,054	-
Total	$ 563,075	$ 804,289

Contributions subsequent to the measurement date of December 31, 2019, which are reported as deferred outflows of resources related to other post-employment benefits, will be recognized as a reduction of the net other post-employment benefits liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB related expense as follows:

Year ended June 30:	
2021	$ (89,848)
2022	(89,841)
2023	(71,070)
2024	(89,360)
2024	(56,775)
2025	(3,374)
	$ (400,268)

III. Detailed Notes on All Funds (continued)

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

Actuarial assumptions. The total OPEB liability in the December 31, 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 w age grow th	1.10 percent
Wage inflation	3.50 percent
Salary increases, including w age 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 to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent in 2019 gradually rising to 4.25 percent in 2023
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 of costs between employers of each fund to that point.

The actuarial assumptions used in the December 31, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. 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 2018 for the PERA Benefit Structure:

Medicare Plan	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

III. Detailed Notes on All Funds (continued)

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

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:

Medicare Plan	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 heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
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%

III. Detailed Notes on All Funds (continued)

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

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

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

Healthy, post-retirement mortality assumptions 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.

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 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.

III. Detailed Notes on All Funds (continued)

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

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:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
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	1.00%	0.20%
Total	**100.00%**	

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%.

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial 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	3.50%	4.50%	5.50%
Collective Net OPEB Liability	$ 1,097,298,000	$ 1,123,998,000	$1,154,852,000
District's Share of Net OPEB Liability	3,442,797	3,884,091	3,623,374

III. Detailed Notes on All Funds (continued)

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 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%.
- 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 net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current Discount 7.25%	1% Increase 8.25%
Collective Net OPEB Liability	$ 1,270,906,000	$ 1,123,998,000	$ 998,361,000
Proportionate Share of Net OPEB Liabilit	4,392,251	3,884,091	3,450,336

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

III. Detailed Notes on All Funds (continued)

I. Fund Balances

At June 30, 2020 fund balances were committed for the following purposes:

Capital projects	$	1,818,819

At June 30, 2020 fund balances were assigned for the following purposes:

Capital projects	$	72,505
Food service	$	46,924
Pupil activities	$	396,567

J. Deficit Net Position

At June 30, 2020, the District had a deficit net position of $54,981,519.

IV. Other Information

A. Insurance

All District employees covered by COBRA insurance may continue their health insurance due to a reduction in work hours or termination of employment (for reasons other than "gross misconduct") for up to 18 months after the occurrence of one of these events. Eligible dependents may continue coverage for up to 36 months. Employees who elect continued coverage must pay the District for premiums from the termination date of coverage and monthly thereafter. No cost to the District is recognized as employees reimburse 100% of their premium costs.

B. Risk Management

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

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

C. Contingencies

1. Legal Claims

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at June 30, 2020.

IV. Other Information (continued)

C. Contingencies (continued)

2. Federal Programs

Funds received from Federal grants are subject to audit and disallowance of ineligible cost. Management of the District feels any potential questioned or disallowed costs or liability arising from the Federal program audits would not materially affect the fairness of the presentation of the financial statements at June 30, 2020.

D. Jointly Governed Organization - BOCES

The District, together with other school districts, participates in the Mountain BOCES (the "BOCES"). The purpose of the BOCES is to pool resources of the individual districts and to provide services common to each on a basis that is more economical than if the same services were provided individually. Administrative costs are borne equally by the districts. Administrative costs and services by BOCES are charged to each district based upon individual needs and the student population.

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

The BOCES has issued its own audited financial statements for the year ended June 30, 2019, the latest available data. The following summary information is presented:

Assets and Deferred Outflows	$	7,503,375
Liabilities and Deferred Inflows		(11,506,174)
Net Position	$	(4,002,799)
Expenses	$	(8,587,719)
Program Revenues		8,243,840
Special Item		
General Revenues		154,379
Change in Net Position		(189,500)
Net Position - Beginning		(3,813,299)
Net Position - Ending	$	(4,002,799)

For the year ended June 30, 2020 and 2019, the District made operating contributions of $1,246,426 and $1,121,177, respectively. In 2018 the District resigned from the Mountain BOCES and joined with the Colorado River BOCES to provide these services.

E. Covid-19

The spread of COVID-19 may have operational, economic, and financial impacts on the District. The significance and duration of the potential impacts cannot be reasonably estimated at this time.

IV. Other Information (continued

F. Debt Issuance

On October 28, 2020, the District issues General Obligation Refunding Bonds, Series 2020, in the aggregate principal amount of $11,800,000. Total purchase price was $13,373,854.80 which included an original issue premium of $1,632,854.80 less the underwriter's Discount of $59,000. These General Obligation Refunding Bonds, Series 2020 will be repaid by 2025

G. Restatement

The District restated their beginning fund balance by $662,652 to show grant revenue in the proper period.

H. Reclassification of Revenue and Expenditure Presentation

Some 2019 revenue and expenditure accounts were reclassified in their respective categories. These reclassifications had no effect on ending fund balance.

Garfield School District RE-2

Required Supplementary Information

Garfield School District RE-2
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for 2019)

	2020				2019
	Budgeted Amounts		Actual	Variance with Final Budget- Positive	Actual
REVENUES	Original	Final	Amounts	(Negative)	Amounts
Taxes:					
Property taxes	$ 12,880,271	$ 13,106,674	$ 12,696,324	$ (410,350)	$ 13,644,835
Specific ownership taxes	1,150,000	1,150,000	1,517,352	367,352	1,422,960
State income	36,783,642	36,979,942	37,685,662	705,720	36,500,146
Federal income	1,055,929	1,055,929	1,772,340	716,411	726,888
Investment income	200,000	200,000	306,094	106,094	296,605
Other	363,865	363,865	597,774	233,909	1,360,331
Total revenues	52,433,707	52,856,410	54,575,546	1,719,136	53,951,765
EXPENDITURES					
Current:					
Direct instruction	30,270,508	32,030,334	29,575,329	2,455,005	28,480,605
Indirect instruction	4,450,038	4,468,215	4,335,155	133,060	4,299,291
Transportation	1,866,497	1,863,997	1,603,410	260,587	1,676,931
Custodial and maintenance	5,819,740	5,819,740	5,565,392	254,348	5,349,925
Support services	2,397,845	2,603,299	2,543,944	59,355	2,091,272
General administration	5,188,262	5,225,631	5,586,009	(360,378)	5,144,038
Community service	15,000	15,000	14,669	331	10,318
Interest and fiscal charges	-	-	124,614	(124,614)	-
Capital Outlay	-	-	166,262	(166,262)	-
Total expenditures	50,007,890	52,026,216	49,514,784	2,511,432	47,052,380
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,425,817	830,194	5,060,762	4,230,568	6,899,385
OTHER FINANCING (USES)					
Transfers (out)	(585,489)	(585,489)	(585,489)	-	(2,168,903)
Total other financing (uses)	(585,489)	(585,489)	(585,489)	-	(2,168,903)
NET CHANGE IN FUND BALANCES	$ 1,840,328	$ 244,705	4,475,273	$ 4,230,568	4,730,482
FUNDS BALANCES, BEGINNING - BUDGET BASIS (restated)			15,606,380		10,875,898
FUND BALANCES, ENDING - BUDGET BASIS			20,081,653		$ 15,606,380
RECONCILIATION TO GAAP BASIS:					
ADJUSTMENTS					
Pension direct distribution - Special Funding			758,663		694,123
Pension expense - Special Funding			(758,663)		(694,123)
FUND BALANCES, ENDING - GAAP BASIS			$ 20,081,653		$ 15,606,380

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

GARFIELD SCHOOL DISTRICT RE-2
Designated Purpose Grants Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for 2019)

	2020				2019
	Budgeted Amounts		Actual	Variance with Final Budget- Positive	Actual
	Original	Final	Amounts	(Negative)	Amounts
REVENUES					
State income	$ -	$ -	$ 89,710	$ 89,710	$ 7,747
Federal income	865,617	865,617	846,702	(18,915)	839,609
Other sources	180,500	180,500	72,700	(107,800)	342,575
Total revenues	1,046,117	1,046,117	1,009,112	(37,005)	1,189,931
EXPENDITURES					
Current:					
Direct instruction	248,473	248,473	123,335	125,138	386,735
Indirect instruction	797,644	797,644	882,643	(84,999)	775,356
Transportation	-	-	1,643	(1,643)	(256)
Community service	-	-	1,491	(1,491)	800
Capital outlay	-	-	-	-	27,296
Total expenditures	1,046,117	1,046,117	1,009,112	37,005	1,189,931
NET CHANGE IN FUND BALANCES	$ -	$ -	-	$ -	-
FUND BALANCES, BEGINNING			-		-
FUND BALANCES, ENDING			$ -		$ -

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

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

	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.5286%	0.4827%	0.5646%	0.5710%	0.5745%	0.5716%	0.5721%
District's proportionate share of the net pension liability	$ 78,972,174	$ 85,470,521	$ 182,586,661	$ 170,006,079	$ 87,866,198	$ 77,470,936	$ 72,966,025
States proportionate share of net pension liability as a nonemployer contributing entity associated with the District	758,663	694,123	-	-	-	-	-
Total proportionate share of net pension liability associated with the District	$ 79,730,837	$ 86,164,644	$ 182,586,661	$ 170,006,079	$ 87,866,198	$ 77,470,936	$ 72,966,025
District's covered payroll	$ 30,525,765	$ 25,639,367	$ 25,639,367	$ 25,627,091	$ 25,036,690	$ 23,945,915	$ 23,115,932
District's proportionate share of the net pension liability as a percentage of its covered payroll	259%	333%	712%	663%	351%	324%	316%
Plan fiduciary net position as a percentage of the total pension liability	64.52%	57.01%	43.13%	43.13%	59.16%	62.84%	64.07%

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

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

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 5,981,385	$ 5,076,369	$ 4,852,460	$ 4,646,192	$ 4,338,863	$ 3,934,315	$ 3,581,457
Contributions in relation to the contractually required contribution	$ (5,981,385)	$ (5,076,369)	$ (4,852,460)	$ (4,646,192)	$ (4,338,863)	$ (3,934,315)	$ (3,581,457)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 30,525,765	$ 29,299,506	$ 25,639,367	$ 25,627,091	$ 25,036,690	$ 23,945,915	$ 23,115,932
Contributions as a percentage of covered payroll	19.59%	17.33%	18.93%	18.13%	17.33%	16.43%	15.49%

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

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

	2020	2019	2018	2017
District's proportion of the net pension liability	0.3456%	0.3138%	0.3208%	0.3246%
District's proportionate share of the net pension liability	3,884,091	4,268,731	4,169,507	4,079,034
District's covered payroll	$ 30,525,765	$ 29,299,506	$ 25,639,367	$ 25,627,091
District's proportionate share of the net pension liability as a percentage of its covered payroll	13%	15%	16%	16%
Plan fiduciary net position as a percentage of the total pension liability	408%	587%	1752.88%	1671.60%

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

	2020	2019	2018	2017
Contractually required contribution	$ 316,928	$ 270,669	$ 265,674	$ 261,396
Contributions in relation to the contractually required contribution	$ (316,928)	$ (270,669)	$ (265,674)	$ (261,396)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 30,525,765	$ 29,299,506	$ 25,639,367	$ 25,627,091
Contributions as a percentage of covered payroll	1.04%	0.92%	1.04%	1.02%

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

I. Schedule of Employer's Proportionate Share of the Net Pension Liability for the Year Ended June 30, 2020.

A. Changes to assumptions or other inputs

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

1. Changes since the December 31, 2018 actuarial valuation:

- The assumption used to value the AI cap benefit provisions was changed from 1.50 percent to 1.25 percent.

2. Changes since the December 31, 2017 actuarial valuation:

- The single equivalent interest rate ("SEIR") was increased from 4.78 percent to 7.25 percent to reflect the changes to the projection's valuation basis, which no longer resulted in a projected year of depletion of the FNP, thereby eliminating the need to apply the municipal bond index rate.

3. Changes since the December 31, 2016 actuarial valuation:

- The single equivalent interest rate ("SEIR") was lowered from 5.26 percent to 4.78 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.
- The municipal bond index rate used in the determination of the SEIR changed from 3.86 percent on the prior measurement date to 3.43 percent on the measurement date.

3. Changes since the December 31, 2015 actuarial valuation:

- The investment return assumption was lowered from 7.5 percent to 7.25 percent
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent
- The post-retirement mortality assumption for healthy lives for the School and DPS Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93 percent factor applied to ages below 80 and a 113 percent factor applied to age 80 and above, projected to 2018, or males, and a 68 percent factor applied to ages below 80 and a 106 percent factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90 percent of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.

I. Schedule of Employer's Proportionate Share of the Net Pension Liability for the Year Ended June 30, 2020. (continued)

A. Changes to assumptions or other inputs (continued)

4. **Changes since the December 31, 2015 actuarial valuation (continued):**
   - The estimated administrative expense as a percentage of covered payroll was increased from 0.35 percent to 0.40 percent.
   - The single equivalent interest rate (the "SEIR") for the SCHDTF was lowered from 7.50 percent to 5.26 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the fiduciary net position (the "FNP"), and the resulting application of the municipal bond index rate
   - The SEIR for the DPS Division was lowered from 7.50 percent to 7.25 percent, reflecting the change in the long-term expected rate of return.

5. **Changes since the December 31, 2014 actuarial valuation:**

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

B. Schedule of Employer's Proportionate Share of the Net Pension Liability

a Changes of benefit terms.

No changes during the years presented.

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

No changes during the years presented.

II. Notes to the Schedule of District Contributions

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms.

No changes during the years presented.

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

No changes during the years presented.

III. Schedule of District's Proportionate Share of the OPEB Liability

A. Changes to assumptions or other inputs

1. 2018 Changes Since 2017

- No changes

B. Changes of benefit term

1. No changes in benefit term

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

1. No changes during the years presented.

IV. Notes to the Schedule of District OPEB Contributions

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms.

No changes during the years presented.

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

No changes during the years presented.

Garfield School District RE-2

Supplementary Information

GARFIELD SCHOOL DISTRICT RE-2
Debt Service Fund
Bond Redemption Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for 2019)

	2020				2019
	Budgeted Amounts		Actual	Variance with Final Budget- Positive	Actual
	Original	Final	Amounts	(Negative)	Amounts
REVENUES					
Taxes:					
Property taxes	$ 8,864,356	$ 8,968,656	$ 8,692,646	$ (276,010)	$ 8,931,887
Interest Income	45,000	45,000	52,511	7,511	96,135
Total revenues	8,909,356	9,013,656	8,745,157	(268,499)	9,028,022
EXPENDITURES					
Debt service:					
Principal	6,265,000	6,400,000	6,275,000	125,000	6,000,000
Interest	2,569,356	2,478,843	2,551,401	(72,558)	2,711,167
Fiscal charges	30,000	30,000	15,936	14,064	76,357
Total expenditures	8,864,356	8,908,843	8,842,337	66,506	8,787,524
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	45,000	104,813	(97,180)	(201,993)	240,498
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	-	-	1,980,000
Premium on bonds	-	-	-	-	287,357
Payment to refunded bond escrow agent	-	-	-	-	(2,202,781)
Total other financing sources	-	-	-	-	64,576
NET CHANGE IN FUND BALANCES	$ 45,000	$ 104,813	(97,180)	$ (201,993)	305,074
FUND BALANCES, BEGINNING			10,255,936		9,950,862
FUND BALANCES, ENDING			$ 10,158,756		$ 10,255,936

The accompanying notes are integral part of these financial statements.

GARFIELD SCHOOL DISTRICT RE-2
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for 2019)

	2020				2019
	Budgeted Amounts		Actual	Variance with Final Budget- Positive	Actual
	Original	Final	Amounts	(Negative)	Amounts
REVENUES					
State income	$ -	$ -	$ 104,892	$ 104,892	$ -
Other revenue	-	-	10,000	10,000	50,001
Total revenues	-	-	114,892	114,892	50,001
EXPENDITURES					
Major renovations	389,921	389,921	508,692	(118,771)	1,190,561
Capital equipment	52,500	52,500	30,754	21,746	-
Vehicles	245,000	245,000	-	245,000	289,317
Other equipment / services	12,000	12,000	49,394	(37,394)	119,583
Principal retirement	39,000	39,000	-	39,000	-
Total expenditures	738,421	738,421	588,840	149,581	1,599,461
EXCESS (DEFICIENCY) OF REVENUES (OVER) EXPENDITURES	(738,421)	(738,421)	(473,948)	264,473	(1,549,460)
OTHER FINANCING SOURCES					
Transfers in (out)	510,489	510,489	510,489	-	1,955,092
Total other financing sources	510,489	510,489	510,489	-	1,955,092
NET CHANGE IN FUND BALANCES	$ (227,932)	$ (227,932)	36,541	$ 264,473	405,632
FUND BALANCES, BEGINNING			1,917,783		1,512,151
FUND BALANCES, ENDING			$ 1,954,324		$ 1,917,783

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

GARFIELD SCHOOL DISTRICT RE-2
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2020

	Pupil Activity Fund	Food Service Fund	Total Non-Major Governmental Funds
ASSETS			
Cash and cash equivalents	419,569	35,696	455,265
Accounts, taxes, and interest receivable	-	128,089	128,089
Inventories	-	41,389	41,389
Total assets	419,569	205,174	624,743
LIABILITIES			
Liabilities:			
Accrued compensation	-	80,861	80,861
Total liabilities	-	80,861	80,861
FUND BALANCES			
Nonspendable:			
Inventory	-	41,389	41,389
Restricted:			
TABOR	23,000	36,000	59,000
Assigned	396,569	46,924	443,493
Total fund balances	419,569	124,313	543,882
Total liabilities, deferred inflows, and fund balances	419,569	205,174	624,743

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

GARFIELD SCHOOL DISTRICT RE-2
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2020

	Pupil Activity Fund	Food Service Fund	Total Non-Major Governmental Funds
REVENUES			
State income	$ -	$ 21,422	$ 21,422
Federal income	-	801,545	801,545
Investment earnings	-	1,139	1,139
Other sources	547,078	272,673	819,751
Total revenues	547,078	1,096,779	1,643,857
EXPENDITURES			
Support services	1,527	-	1,527
Food service operations	-	1,364,306	1,364,306
Student activities	511,712	-	511,712
Total expenditures	513,239	1,364,306	1,877,545
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	33,839	(267,527)	(233,688)
OTHER FINANCING SOURCES			
Transfers in (out)	-	75,000	75,000
Total other financing sources	-	75,000	75,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES			
NET CHANGE IN FUND BALANCES	33,839	(192,527)	(158,688)
FUND BALANCES, BEGINNING	385,729	316,841	702,570
FUND BALANCES, ENDING	$ 419,568	$ 124,314	$ 543,882

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

GARFIELD SCHOOL DISTRICT RE-2
Pupil Activity Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for 2019)

	2020				2019
	Budgeted Amounts			Variance with Final Budget- Positive	
	Original	Final	Actual Amounts	(Negative)	Actual Amounts
REVENUES					
Other sources	$ 679,570	$ 679,570	$ 547,078	$ (132,492)	$ 718,800
Total revenues	679,570	679,570	547,078	(132,492)	718,800
EXPENDITURES					
Support services	-	-	1,527	(1,527)	1,369
Student activities	679,570	679,570	511,712	167,858	747,098
Total expenditures	679,570	679,570	513,239	166,331	748,467
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	33,839	33,839	(29,667)
NET CHANGE IN FUND BALANCES	$ -	$ -	33,839	$ 33,839	(29,667)
FUND BALANCES, BEGINNING			385,730		415,397
FUND BALANCES, ENDING			$ 419,569		$ 385,730

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

GARFIELD SCHOOL DISTRICT RE-2
Food Services Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for 2019)

	2020				2019
	Budgeted Amounts			Variance with Final Budget-Positive (Negative)	
	Original	Final	Actual Amounts		Actual Amounts
REVENUES					
Food and Ala carte sales	$ 303,698	$ 303,698	$ 251,975	$ (51,723)	$ 280,582
Federal aid:					
Federal government meal reimbursement	774,698	774,698	730,380	(44,318)	736,132
USDA Commodity contribution	76,129	76,129	71,165	(4,964)	73,321
State reimbursement	28,782	28,782	21,422	(7,360)	15,378
Donations from private sources	-	-	20,698	20,698	7,915
Interest income	900	900	1,139	239	1,661
Total revenues	1,184,207	1,184,207	1,096,779	(87,428)	1,114,989
EXPENDITURES					
Salaries and employee benefits	816,958	816,958	913,368	(96,410)	873,894
Purchased services	6,750	6,750	23,638	(16,888)	4,507
Supplies	32,330	32,330	30,842	1,488	30,388
Food costs:					
Purchased food	427,819	427,819	335,292	92,527	388,275
Donated commodities	76,129	76,129	71,165	4,964	73,321
Internal catering and other	(2,187)	(2,187)	(9,999)	7,812	1,222
Total expenditures	1,357,799	1,357,799	1,364,306	(6,507)	1,371,607
OTHER FINANCING (USES)					
Transfers in	75,000	75,000	75,000	-	213,811
Total other financing (uses)	75,000	75,000	75,000	-	213,811
CHANGE IN NET POSITION	(98,592)	(98,592)	(192,527)	(93,935)	(42,807)
TOTAL NET POSITION, BEGINNING			316,841		359,648
TOTAL NET POSITION, ENDING			124,314		316,841

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

GARFIELD SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures, and Changes in Fiduciary Assets and Liabilities - Budget and Actual (GAAP Basis)
Pupil Activity Agency Fund
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for 2019)

	2020				2019
	Budgeted Amounts		Actual	Variance with Final Budget- Positive	Actual
	Original	Final	Amounts	(Negative)	Amounts
ADDITIONS					
Programs	$ 90,030	$ 90,030	$ 94,084	$ 4,054	$ 91,960
Total additions	90,030	90,030	94,084	4,054	91,960
DEDUCTIONS					
Programs	90,030	90,030	73,900	16,130	84,653
Total deductions	90,030	90,030	73,900	16,130	84,653
CHANGE IN FIDUCIARY ASSETS AND LIABILITIES	$ -	$ -	20,184	$ 20,184	7,307
DUE TO STUDENT ACTIVITIES, BEGINNING			43,712		36,405
DUE TO STUDENT ACTIVITIES, ENDING			$ 63,896		$ 43,712

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

Colorado Department of Education

Auditors Integrity Report

District: 1195 - Garfield Re-2
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	15,606,380	54,748,719	50,273,447	20,081,652
18	Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19	Colorado Preschool Program Fund	0	0	0	0
Sub- Total		15,606,380	54,748,719	50,273,447	20,081,652
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	316,839	1,171,780	1,364,307	124,313
22	Govt Designated-Purpose Grants Fund	0	1,009,112	1,009,112	0
23	Pupil Activity Special Revenue Fund	385,734	547,078	513,241	419,571
24	Full Day Kindergarten Mill Levy Override	0	0	0	0
25	Transportation Fund	0	0	0	0
31	Bond Redemption Fund	10,255,935	8,745,157	8,842,337	10,158,755
39	Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41	Building Fund	0	0	0	0
42	Special Building Fund	0	0	0	0
43	Capital Reserve Capital Projects Fund	1,917,783	625,381	588,840	1,954,324
46	Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals		28,482,671	66,847,228	62,591,283	32,738,615
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	43,712	94,084	73,900	63,897
79	GASB 34:Permanent Fund	0	0	0	0
85	Foundations	0	0	0	0
Totals		43,712	94,084	73,900	63,897

FINAL

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

Garfield School District RE-2

Single Audit Reports and Schedules

M & A

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

To the Board of Education
Garfield School District RE-2
Rifle, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Garfield School District RE-2 (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 and have issued our report thereon dated February 3, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Member: American Institute of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT
To the Board of Education
Garfield School District RE-2
Rifle, Colorado

Purpose of this Report

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
February 3, 2021

M & A

McMahan and Associates, L.L.C.
Certified Public Accountants and Consultants

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

To the Board of Education
Garfield School District RE-2
Rifle, Colorado

Report on Compliance for Each Major Federal Program

We have audited the compliance of the Garfield School District RE-2 (the "District") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibilities

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

Auditor's Responsibilities

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

INDEPENDENT AUDITOR'S REPORT
To the Board of Education
Garfield School District RE-2
Rifle, Colorado

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do no express an opinion on the effectiveness of the District's internal control over compliance.

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

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

Purpose of this Report

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
February 3, 2021

Garfield School District RE-2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

Part I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	None noted
Significant deficiency identified	None reported
Noncompliance material to financial statements noted	None noted

Federal Awards

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S Code of Federal Regulations Park 200	None noted
Major programs	None noted
Dollar threshold used to identify Type A from Type B programs	$750,000
Identified as low-risk auditee	Yes

Part II: Findings Related to Financial Statements

Findings related to financial statements as required by Government Auditing Standards	None noted
Auditor-assigned reference number	Not applicable

Part III: Findings Related to Federal Awards

Internal control findings	None noted
Compliance findings	None noted
Questioned costs	None noted

Garfield School District RE-2
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

Note: There were no findings for the fiscal year ended June 30, 2019

Garfield School District RE-2
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Program Title	Federal CFDA Number	Grant Project Code	Expenditures	
Department of Education:				
Passed through Colorado Department of Education:				
Title I				
Title I, Part A - Improving Basic Programs Operated by Schools	84.010	4010	563,846	
Title I, Homeless Set Aside	84.010	9202	1,491	
Title I, Parent Involvement	84.010	9211	7,701	
Title I Total			573,038	
Special Education	84.027	4027	745,481	A
Special Education - Preschool	84.173	4173	14,493	A
Title III				
Title III, Part A - English Language Acquisition	84.365	4365	124,390	
Title III, English Language Acquisition	84.365	4367	88,371	
Title III Total			212,761	
Passed through Mountain Board of Cooperative Education Services (BOCES):				
Student support and Academic Enrichment grants	84.298	4424	11,138	
Passed through the Colorado Community College System (CCCS):				
Carl Perkins	84.048	4048	31,005	
Total Mountain Board of Cooperative Education Services (BOCES):			1,587,916	
United States Treasury				
Passed through State Department of Education				
Coronavirus Relief Fund	21.019	4012	647,090	
Total United States Treasury			647,090	
Department of Agriculture:				
Passed through Colorado Department of Education:				
School Breakfast Program	10.553	4553	69,969	*B*
National School Lunch Program	10.555	4555	499,338	*B*
Fresh Fruits and Vegetables	10.582	4582	49,940	*B*
Passed through Colorado Department of Human Services:				
Food Distribution, Commodities	10.555	4555	61,664	*B*
Passed through Garfield County Colorado				
Forest Service Schools and Roads	10.665	7665	111,443	*C*
Total Department of Agriculture			792,354	
Total Expenditures			$ 3,027,360	

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Additional Information for Clusters:

A Idea Cluster	$ 759,974
B Child Nutrition Cluster	$ 680,911
C Forest Service Schools and Roads Cluster	$ 111,443

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2020

Note 1. Basis of Presentation:
The Schedule of Expenditures of Federal Awards includes the federal grant activity of Garfield School District RE-2 and is presented on 'the moc accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards*. Therefore, some am presented in this schedule may differ from amounts presented in, or used in, the preparation of the general purpose financial statements.

Note 2. Determining the Value of Non-cash Awards Expended:
Food Commodities: Fair market value of commodities at the time recipient receives award and the assessed value provided by the federal agency.

Note 3. Indirect Facilities and Administration Costs
The District does not use the 10% de minimis cost rate allowed in Title 2 U.S. Code of Federal Regulations (CFR) Part 200.414, Indirect (F&A) c Instead, the District prepares an annual cost allocation plan to allocate indirect costs.

Note 4. Sub recipients:
The District had no sub-recipients as of June 30, 2020