

***Logan County School District
No. Re-1 Valley
Sterling, Colorado***

Financial Statements

For the Year ended June 30, 2020

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Independent Auditors' Report

Board of Education
Logan County School District No. Re-1 Valley
Sterling, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Logan County School District No. Re-1 Valley (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
November 3, 2020

**Logan County School District NO. RE-1 Valley
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2020**

This section of School District RE-1 Valley's annual financial report presents its discussion and analysis of the District's financial performance during the year ended June 30, 2020

Financial Highlights

- The liabilities and deferred inflows of resources of School District Re-1 Valley exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by (\$30,551,807) (net position - deficit).
- The district's total net position increased by \$6,925,893, primarily due to changes in pension and OPEB assumptions.
- General revenues accounted for \$20,809,290 or 80% of the \$26,008,969 in total revenues. Program specific revenues in the form of charges for services, sales, and grants accounted for \$5,199,679 or 20% of total revenues.
- The general fund ending fund balance reached \$3,369,871.

Overview of Financial Statements

The discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and, 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

Government-wide Statements

The Government-wide financial statements are designed to provide readers with information about the School District as a whole using accounting methods similar to those used by private-sector businesses.

The statement of net position includes all of the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, 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 School District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying events giving rise to 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).

In the government-wide financial statements, the School District's activities are listed in one category.

- **Governmental activities:** The School District's basic services are included here, such as instruction, transportation, maintenance and operations, administration, food service and pupil activities. Taxes and intergovernmental revenues principally support these activities.

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 School District's operations, focusing on the most significant or "major" funds, not the School District as a whole. The School District has two kinds of funds: governmental funds and fiduciary funds.

Governmental Funds

Most of the District's basic services are included in the governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds' statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the School District's program.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Thus, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balances provide reconciliation to the government-wide financial statements in order to facilitate this comparison between governmental funds and governmental activities.

The School District maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and change in fund balances for the general fund, governmental designated purpose grants fund and bond redemption fund, which are considered to be major funds. Data for the other five governmental funds are combined in a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16-22 of this report.

Fiduciary Funds

Fiduciary funds are used to count for resources held for the benefit of parties outside the school district. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 23-24 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements may be found on pages 25-61 of this report.

Other information

In addition to the basic financial statements, this report also presents other supplementary information concerning the School District's annual appropriated budgets with comparison statements that demonstrate compliance with budgets, schedule of District contributions and schedule of the District's proportionate share of the net pension liability. Budgeted amounts may be found on pages 76-96.

Financial Analysis of the School District as a Whole

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position.

74% of the School District's assets are its net investment in capital assets (e.g., land, buildings and equipment, net of accumulated depreciation). The school District uses these assets to provide instruction and related services to its students.

The following table provides a summary of the district's net assets (liabilities) as of June 30, 2020.

	Governmental Activities		Total Percentage
	2020	2019	Change 2019-2020
Current and Other assets	\$ 12,692,056	\$ 9,501,433	33.58%
Capital assets	35,513,330	36,519,261	-2.75%
Total assets	48,205,386	46,020,694	4.75%
Deferred outflows of resources	4,372,745	16,245,695	-73.08%
Total assets and deferred outflows of resources	\$ 52,578,131	\$ 62,266,389	-15.56%
Long term liabilities	\$ 49,140,753	\$ 56,552,158	-13.11%
Other liabilities	4,285,296	2,844,738	50.64%
Total liabilities	53,426,049	59,396,896	-10.05%
Deferred inflows of resources	22,777,996	34,209,552	-33.42%
Net investment in capital assets	18,658,924	18,310,998	1.90%
Restricted	4,741,518	4,449,336	6.57%
Unrestricted	(47,026,356)	(31,340,059)	50.05%
Total net position	(23,625,914)	(31,340,059)	-24.61%
Total liabilities, deferred inflows of resources and net position	\$ 52,578,131	\$ 62,266,389	-15.56%

Following is a summary of the School District's change in net position.

Revenues	Governmental Activities		Total Percentage
	2020	2019	Change 2019-2020
Program Revenues			
Charges for services	\$ 223,817	\$ 331,095	-32.40%
Operating Grants & Contributions	4,508,567	3,757,965	19.97%
Capital Grants & Contributions	467,295	411,170	13.65%
General Revenue			
Property taxes	8,992,151	8,736,919	2.92%
State equalization	11,583,097	10,677,867	8.48%
Other	234,042	329,180	-28.90%
Total Revenue	26,008,969	24,244,196	7.28%
Expenses			
Instruction	10,178,419	8,527,374	19.36%
Pupil & Instructional Services	1,645,993	1,457,067	12.97%
Administration & Business	1,546,649	1,338,102	15.59%
Maintenance & Operations	2,090,637	2,106,196	-0.74%
Transportation	481,350	577,464	-16.64%
Other	3,140,028	2,801,926	12.07%
Total Expenses	19,083,076	16,808,129	13.53%
Change in net position	\$ 6,925,893	\$ 7,436,067	-6.86%

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994, as amended (SFA). Under the SFA the School District received \$8,174.30 per funded student. In fiscal year 2019-20 the funded pupil count was 2,187.1. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The School District receives approximately 62 percent of this funding from state equalization while the remaining amount comes from property taxes and specific ownership tax. The School District's assessed valuation generated \$6,197,462 in property taxes levied for general purposes for fiscal year 2020.

Governmental Funds

The focus of the School 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 School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School District's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the School District's governmental funds reported combined ending fund balances of \$8,270,801 an increase of \$920,110 in comparison with the prior year. The general fund had a fund balance increase of \$665,567, the bond fund increased by \$378,624 and the other governmental funds had a fund balance decrease of (\$124,081).

General Fund Budget Highlights

- The District's budget is prepared according to Colorado law and is based on accounting for transactions under generally accepted accounting principles. The most significant budgeted fund is the General Fund. The district Board of Education approved a review/change for any anticipated expenditures exceeding the original FY 2020 budget in January 2020.

Capital Assets and Debt Administration

Capital Assets

The School District's net investment in capital assets for its governmental activities as of June 30, 2020 amounts to \$35,513,330 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements, equipment, construction in progress, and capital leases all with an original cost greater than \$5,000.

Capital asset additions during the current fiscal year include the following:

- Construction in progress \$350,070
- Furniture and equipment \$197,332

The School District's total capital assets on June 30, 2020 net, of accumulated depreciation were as follows:

	Governmental Activities		Percent Change
	2020	2019	2019-2020
Land and improvements	\$ 3,278,508	\$ 3,435,839	-4.58%
Construction in progress	350,070	62,000	464.63%
Buildings and improvements	31,088,899	32,286,763	-3.71%
Furniture and equipment	611,239	493,030	23.98%
Licensed vehicles	184,614	241,629	-23.60%
Total	\$ 35,513,330	\$ 36,519,261	-2.75%

Additional information on the School District's capital assets can be found in note E to the basic financial statements.

Long-Term Debt

At year-end, the School District's long-term debt of \$56,552,158 consisted of the following:

	Governmental Activities		Percent Change
	2020	2019	2019-2020
Compensated Absences	\$ 596,037	\$ 539,159	10.55%
Net Pension Liability	29,770,809	35,507,602	-16.16%
Net OPEB Liability	1,463,498	1,773,389	-17.47%
Certificate of Participation	4,190,000	4,405,000	-4.88%
General Obligation Bonds	11,760,000	12,790,000	-8.05%
Bond Premium	1,360,409	1,537,008	-11.49%
Total	\$ 49,140,753	\$ 56,552,158	-13.11%

At year-end, the School District reported a liability of \$29,770,809 for its proportionate share of the net pension liability that reflected a reduction for support from the State as nonemployer contributing entity. At December 31, 2019 the District's proportion was .1993%. For the year, the District recognized pension income of \$3,069,670.

There are note disclosures and required supplementary information required by GASB Statement No. 68 found in note H.

At year-end, the School District reported a liability of \$1,463,498 for its proportionate share of the net OPEB liability. The net OPEB liability 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 the December 31, 2018. At December 31, 2019 the District's proportion was .1302%. For the year, the District recognized pension expense of \$48,728.

There are note disclosures and required supplementary information required by GASB Statement No. 75 found in note J.

Economic Factors

Due to state budget constraints, funding from the state continues to fall below the formula from the 1994 School Finance Act and the required increases to keep up with inflation described in Amendment 23, passed by voters in 2000. From 2011 to 2020 a total of 16.5 million dollars has been withheld from the district allocation in the state calculations referred to as the "budget stabilization factor".

The District will continue to monitor potential impacts regarding declining financial support from the state and increasing health insurance and pension fund increases for the current and future year's budgets.

Changes in student enrollment directly impact the financial resources of the District. Declining enrollment is the long term trend in School District Re-1 Valley, but the current trend appears to have stabilized. The District will continue to track enrollment trends and use that data in building future years' budgets. The District will also address cost containments and reductions that will be commensurate with the overall state funding reductions to ensure that the District maintains adequate General Fund reserves.

Contacting the Districts Financial Management

This financial report is designed to provide the District's citizens, taxpayers, parents, investors and creditors with a general overview of the District's finances and to demonstrate the district's accountability for the money it receives. If you have any questions about this report or need additional information, contact School District RE-1 Valley, 301 Hagen Street, Sterling, CO 80751.

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Basic Financial Statements

The basic financial statements of the District include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole, except for its fiduciary activities.

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

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>
Assets	
Cash	\$ 7,060,961
Cash with fiscal agent	3,876,625
Certificates of deposit	24,394
Investments	836,729
Receivables	777,459
Inventory	97,895
Capital assets, net of depreciation	35,513,330
Other assets, net of amortization	17,993
	<hr/>
Total assets	48,205,386
Deferred outflows of resources	
Pension and other post-employment benefit deferrals	3,934,734
Deferred charges on refundings of bonds	438,011
	<hr/>
Total deferred outflows of resources	4,372,745
	<hr/>
Total assets and deferred outflows of resources	<u>\$ 52,578,131</u>

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

	<u>Governmental Activities</u>
Liabilities	
Accounts payable	\$ 850,316
Accrued salaries and benefits	1,783,752
Payroll deductions and withholdings	179,273
Unearned revenue	29,940
Unearned grant revenue	1,397,978
Other current liabilities	18,582
Accrued interest payable	25,455
Noncurrent liabilities	
Due within one year	1,300,000
Due in more than one year	47,840,753
	<u>53,426,049</u>
Total liabilities	53,426,049
Deferred inflows of resources	
Pension and other post-employment benefit deferrals	22,777,996
Net position	
Net investment in capital assets	18,658,924
Restricted for:	
Emergencies	660,000
Debt service	3,828,482
Food service program	129,690
Library purposes	37,254
Instructional supplies and equipment	86,092
Unrestricted (deficit)	<u>(47,026,356)</u>
Total net position (deficit)	<u>(23,625,914)</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 52,578,131</u></u>

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Statement of Activities
For the Year Ended June 30, 2020

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 10,178,419	\$ 36,322	\$ 3,451,165	
Supporting services				
Students	945,397		131,282	
Instructional staff	700,596		110,842	
General administration	420,307			
School administration	828,856			
Business services	297,486			
Operations and maintenance	2,090,637			
Student transportation	481,350	14,407	137,068	
Central support services	420,195			
Food service operations	719,672	126,231	672,062	
Enterprise operations	9			
Community services	65,766	46,857	6,148	
Facilities acquisition	12,123			\$ 467,295
Unallocated depreciation*	1,395,629			
Interest and fiscal charges	526,634			
Total governmental activities	<u>\$ 19,083,076</u>	<u>\$ 223,817</u>	<u>\$ 4,508,567</u>	<u>\$ 467,295</u>

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

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt services

Specific ownership taxes

Delinquent taxes and interest

State categorical aid

Earnings on investments

Other

Total general revenues

Change in net position

Net position (deficit) at beginning of year,
as restated

Net position (deficit) at end of year

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

Net (Expenses)
Revenues and
Changes in
Net Position

Governmental
Activities

\$ (6,690,932)

(814,115)

(589,754)

(420,307)

(828,856)

(297,486)

(2,090,637)

(329,875)

(420,195)

78,621

(9)

(12,761)

455,172

(1,395,629)

(526,634)

(13,883,397)

6,197,462

1,853,334

926,121

15,234

11,583,097

86,413

147,629

20,809,290

6,925,893

(30,551,807)

\$ (23,625,914)

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Governmental Designated Purpose Grants Fund	Bond Redemption Fund	Other Governmental Funds
Assets				
Cash	\$ 5,944,723	\$ 33,654		\$ 1,082,584
Cash with fiscal agent	88,737		\$ 3,787,888	
Certificates of deposit				24,394
Investments	836,729			
Due from other funds	195,046			
Property taxes receivable	242,991		77,111	
Grants receivable	5,168	406,761		38,215
Other receivables		6,000		1,213
Inventory	35,000			62,895
Total assets	\$ 7,348,394	\$ 446,415	\$ 3,864,999	\$ 1,209,301
Liabilities				
Accounts payable	\$ 831,710	\$ 1,547		\$ 1,088
Due to other funds		195,046		
Intergovernmental payable	15,842		\$ 129	
Accrued salaries and benefits	1,623,909	138,582		21,261
Payroll deductions and withholdings	179,273			
Unearned revenue	6,015			23,925
Unearned grant revenue	1,198,528	109,037		90,413
Other current liabilities	16,213	2,203		166
Total liabilities	3,871,490	446,415	129	136,853
Deferred inflows of resources				
Deferred property tax revenues	107,033		36,388	
Fund balance				
Nonspendable inventory	35,000			62,895
Restricted for:				
Emergencies	660,000			
Debt service			3,828,482	
Food service program				129,690
Library purposes				37,254
Instructional supplies and equipment				86,092
Assigned to risk-related activities	40,894			
Committed to:				
Pupil activities				741,982
Capital projects				14,535
Unassigned	2,633,977			
Total fund balance	3,369,871	-	3,828,482	1,072,448
Total liabilities, deferred inflows of resources and fund balance	\$ 7,348,394	\$ 446,415	\$ 3,864,999	\$ 1,209,301

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

Total

\$ 7,060,961
3,876,625
24,394
836,729
195,046
320,102
450,144
7,213
97,895

\$ 12,869,109

\$ 834,345
195,046
15,971
1,783,752
179,273
29,940
1,397,978
18,582

4,454,887

143,421

97,895

660,000
3,828,482
129,690
37,254
86,092
40,894

741,982
14,535
2,633,977

8,270,801

\$ 12,869,109

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2020

Amounts reported for governmental activities in the statement of net position is different because:

Total fund balance - governmental funds	\$ 8,270,801
Capital and other assets, net, used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	35,531,323
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	4,372,745
Property taxes receivable will be collected next fiscal year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	143,421
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	(22,777,996)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(25,455)
Long-term liabilities, including bonds payable, net pension and OPEB liabilities and accrued compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	<u>(49,140,753)</u>
Net position (deficit) of the governmental activities	<u><u>\$ (23,625,914)</u></u>

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

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LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Governmental Designated Purpose Grants Fund	Bond Redemption Fund	Other Governmental Funds
Revenues				
Local sources	\$ 7,338,300		\$ 1,897,599	\$ 892,594
Intermediate sources	5,207			
State sources	13,579,912	\$ 124,140		489,721
Federal sources	16,759	1,093,436		649,636
Total revenues	20,940,178	1,217,576	1,897,599	2,031,951
Expenditures				
Instruction	12,210,970	969,303		782,007
Supporting services	7,680,235	248,273		916,322
Capital outlay				477,703
Debt service				
Principal retirement	215,000		1,030,000	
Interest and fiscal charges	148,406		488,975	
Total expenditures	20,254,611	1,217,576	1,518,975	2,176,032
Excess of revenues over (under) expenditures	685,567	-	378,624	(144,081)
Other financing sources (uses)				
Transfers in				20,000
Transfers out	(20,000)			
Total other financing sources (uses)	(20,000)	-	-	20,000
Net change in fund balances	665,567	-	378,624	(124,081)
Fund balance at beginning of year	2,704,304	-	3,449,858	1,196,529
Fund balance at end of year	\$ 3,369,871	\$ -	\$ 3,828,482	\$ 1,072,448

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

Total
<hr/>
\$ 10,128,493
5,207
14,193,773
1,759,831
<hr/>
26,087,304
13,962,280
8,844,830
477,703
1,245,000
637,381
<hr/>
25,167,194
<hr/>
920,110
20,000
(20,000)
<hr/>
-
<hr/>
920,110
7,350,691
<hr/>
\$ 8,270,801
<hr/> <hr/>

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - governmental funds	\$ 920,110
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation in the current period.	(1,005,931)
Because some property taxes will not be collected for several months after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.	41,107
Governmental funds report pension contributions as expenditures. However, in the statement of activities, pension service costs, current year benefit changes, member contributions, expected earnings on plan investments, administrative expenses and recognition of deferred outflows and inflows from the pensions are reported as pension expense.	5,671,738
In the statement of activities, certain expenses - compensated absences, interest, bond premium amortization, insurance and refunding deferred charges amortization are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	53,869
Repayment of principal on bond obligations and certificates of participation are an expenditure in the governmental funds, but the repayment reduces long-term debt liabilities in the statement of net position.	<u>1,245,000</u>
Change in net position of governmental activities	<u><u>\$ 6,925,893</u></u>

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	<u>Private Purpose Trust Fund</u>
Assets	
Cash	<u>\$ 10,428</u>
Total assets	<u>\$ 10,428</u>
Net position	
Restricted for scholarship recipients	<u>\$ 10,428</u>
Total net position	<u>\$ 10,428</u>

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

	Private Purpose Trust Fund
	<u> </u>
Additions	
Earnings on investments	\$ -
Total additions	<u> -</u>
Deductions	
Scholarship awards	<u> -</u>
Total deductions	<u> -</u>
Change in net position	-
Net position at beginning of year	<u> 10,428</u>
Net position at end of year	<u><u> \$ 10,428</u></u>

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note A – Summary of significant accounting policies

This summary of the Logan County School District No. Re-1 Valley’s significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

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

A.1 – Reporting entity

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

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

A.2 – Fund accounting

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

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

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

Expenditures include all costs associated with the daily operation of the schools, except for programs funded by grants from federal and state governments, certain capital outlay expenditures, risk-related transactions, debt service, food service operations, after school programs, scholarships, and pupil activities.

Governmental Designated Purpose Grants Fund – This fund maintains a separate accounting for programs funded by federal, state and local grants that may or may not have a different fiscal period than that of the District.

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

The following are the District's nonmajor governmental funds:

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

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

Campbell Library Fund – This fund is a special revenue fund used to account for expenditures relating to the Campbell School Library. This fund was created by a private contribution specifying that the funds be spent on the library.

Walsh Family Foundation Fund – This fund is a special revenue fund used to account for the proceeds of a contribution from a private donor and the related expenditures thereof.

After Day School Fund – This fund is a special revenue fund used to account for the financial activities associated with the District's after school programs. This fund was closed out during the year.

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Fiduciary Funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and are therefore not available to support the District's own programs. The District has one private-purpose trust fund, the Melendy Scholarship Trust Fund.

Note A.3 – Basis of presentation

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

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

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

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

Fiduciary funds focus on net position and changes in net position and are reported using accounting principles similar to proprietary funds. The District's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address the activities or obligations of the District, these funds are not incorporated into the government-wide financial statements.

A.4 – Basis of accounting

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

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

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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

A.5 – Encumbrances

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

A.6 – Short-term interfund receivables/payables

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.7 – Inventories

General Fund – Purchased inventories consist of general supply items and are stated at cost as determined by the first-in, first-out method.

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

A.8 – Capital assets

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

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

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

<u>Description</u>	<u>Governmental Activities</u>
Land and improvements	20 years
Buildings and improvements	20-50 years
Furniture and equipment	5-25 years
Licensed vehicles	8 years

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.9 – Compensated absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Accumulated vacation leave benefits are paid to employees upon termination of employment.

Annual leave is awarded to twelve-month employees according to the following schedule:

<u>Years of service</u>	<u>Annual accrual days</u>
1-7 years	10 days
8-15 years	15 days
16-20 years	20 days
21 & over	25 days

Paid time off is awarded to employees according to the following schedule:

<u>Contract months</u>	<u>Annual accrual days</u>
9 months	10 days
10 months	11 days
11 months	12 days
12 months	13 days

Paid time off days not used by the end of the employee’s anniversary month will be moved to the employee’s sick leave balance. Sick leave may be accumulated up to a maximum of 90 days, not including the annual paid time off leave allocation for the current year.

Employees are paid \$75 per day for unused paid time off/sick leave accumulated over 90 days at the end of each school year. Employees with a minimum of five years of continuous service will, upon amicable separation, be paid \$50 per day, up to \$4,500.

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account “accrued compensated absences” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. The amounts recorded as liabilities for all applicable compensated absences include salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date.

A.10 – Accrued liabilities and long-term obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due. Bond premiums, bond discounts, and amounts deferred upon refunding are amortized over the life of the bonds using the straight-line method.

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 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 received, are reported as debt service expenditures.

A.11 – Fund balance

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

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

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

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

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

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

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

A.12 – Net position

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

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.13 – Interfund transactions

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

A.14 – Extraordinary and special items

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

Note B – Cash and investments

Cash and deposits

Colorado State statutes govern the District's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$7,697,600, of which \$727,185 was insured and \$6,970,415 was collateralized with securities held by the pledging institution's trust department or agent in the District's name.

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note B – Cash and investments (Continued)

Investments

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

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

During the year, the District invested in Colotrust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. As of June 30, 2020, the District had invested \$836,729 in COLOTRUST PLUS+, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Colotrust	\$ 836,729	\$ 836,729	\$ -	\$ -

The investment in Colotrust is maintained in the General Fund.

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note B – Cash and investments (Continued)

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

The following table provides a reconciliation of cash, cash with fiscal agent, and investments on the statement of net position:

Cash in bank	\$ 7,070,339
Cash on hand	1,050
Cash with fiscal agent	3,876,625
Certificates of deposit	24,394
Investments in Colotrust	<u>836,729</u>
Total	<u>\$ 11,809,137</u>
 <u>Statement of net position</u>	
Cash	\$ 7,060,961
Cash with fiscal agent	3,876,625
Certificates of deposit	24,394
Investments	<u>836,729</u>
Subtotal	11,798,709
 <u>Statement of fiduciary net position</u>	
Cash	<u>10,428</u>
Total	<u>\$ 11,809,137</u>

Note C – Receivables

Receivables at year-end consist of the following:

	<u>Governmental</u>
	<u>Activities</u>
Property taxes receivable	\$ 320,102
Grants receivable	450,144
Other receivables	<u>7,213</u>
Total	<u>\$ 777,459</u>

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note C – Receivables (Continued)

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

Note D – Interfund transactions

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental funds</u>		
General Fund	\$ 195,046	\$ -
Governmental Designated Purpose Fund	<u>-</u>	<u>195,046</u>
Total	<u>\$ 195,046</u>	<u>\$ 195,046</u>

All balances resulted from the time lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental funds</u>		
General Fund	\$ -	\$ 20,000
Capital Reserve Capital Projects Fund	<u>20,000</u>	<u>-</u>
Total	<u>\$ 20,000</u>	<u>\$ 20,000</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The District transferred \$20,000 from the General Fund to the Other Governmental Funds in order to set aside funds for capital acquisitions.

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note E – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land and water rights	\$ 185,127	\$ -	\$ -	\$ 185,127
Construction in progress	<u>62,000</u>	<u>350,070</u>	<u>(62,000)</u>	<u>350,070</u>
Total capital assets, not being depreciated	247,127	350,070	(62,000)	535,197
Capital assets, being depreciated:				
Land improvements	5,081,384	-	-	5,081,384
Buildings and improvements	55,447,232	-	62,000	55,509,232
Furniture and equipment	1,915,901	197,332	-	2,113,233
Licensed vehicles	<u>2,089,120</u>	<u>-</u>	<u>-</u>	<u>2,089,120</u>
Total capital assets, being depreciated	<u>64,533,637</u>	<u>197,332</u>	<u>62,000</u>	<u>64,792,969</u>
Total capital assets	64,780,764	547,402	-	65,328,166
Less accumulated depreciation for:				
Land improvements	(1,830,672)	(157,331)	-	(1,988,003)
Buildings and improvements	(23,160,469)	(1,259,864)	-	(24,420,333)
Furniture and equipment	(1,422,871)	(79,123)	-	(1,501,994)
Licensed vehicles	<u>(1,847,491)</u>	<u>(57,015)</u>	<u>-</u>	<u>(1,904,506)</u>
Total accumulated depreciation	<u>(28,261,503)</u>	<u>(1,553,333)</u>	<u>-</u>	<u>(29,814,836)</u>
Governmental activities capital assets, net	<u>\$ 36,519,261</u>	<u>\$ (1,005,931)</u>	<u>\$ -</u>	<u>\$ 35,513,330</u>

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

Governmental activities	
Instruction	\$ 66,774
General administration	2,121
Operations and maintenance	21,581
Student transportation	61,551
Food service	5,677
Unallocated depreciation	<u>1,395,629</u>
Total depreciation expense	<u>\$ 1,553,333</u>

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note F – Accrued salaries and benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$1,783,752. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

Note G – Long-term debt

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Transfers/ Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental activities					
Compensated absences	\$ 539,159	\$ 56,878	\$ -	\$ 596,037	\$ -
Net pension liability	35,507,602	-	(5,736,793)	29,770,809	-
Net OPEB liability	1,773,389	-	(309,891)	1,463,498	-
Certificates of Participation	4,405,000	-	(215,000)	4,190,000	220,000
Bonds payable	12,790,000	-	(1,030,000)	11,760,000	1,080,000
Bond premium	<u>1,537,008</u>	<u>-</u>	<u>(176,599)</u>	<u>1,360,409</u>	<u>-</u>
Total	<u>\$ 56,552,158</u>	<u>\$ 56,878</u>	<u>\$ (7,468,283)</u>	<u>\$ 49,140,753</u>	<u>\$ 1,300,000</u>

Payments on the bonds payable are made in the Bond Redemption Fund, while payments on the certification of participation are made in the General Fund. The net pension and OPEB liabilities attributable to the governmental activities will be liquidated primarily by the General Fund, as well as the compensated absences. The District believes that the current portion of compensated absences is negligible and is therefore not reported.

Bonds payable

General obligation bonds payable consist of the following individual issue:

\$8,070,000 general obligation refunding bonds, dated December 30, 2011, due in annual installments beginning in fiscal year 2013 ranging from \$90,000 to \$1,190,000; varying annual interest rates from 2.00% to 4.00%, payable semi-annually on June 15th and December 15th.

\$ 4,670,000

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note G – Long-term debt (Continued)

\$7,230,000 general obligation refunding bonds, dated July 19, 2016, due in annual installments ranging from \$15,000 to \$1,490,000; varying annual interest rates from 2.00% to 4.00%, payable semi-annually on December 15 th and June 15 th .	<u>7,090,000</u>
Total general obligation bonds	<u>\$ 11,760,000</u>

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

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,080,000	\$ 446,850
2022	1,120,000	403,050
2023	1,160,000	357,625
2024	1,210,000	310,400
2025	195,000	282,500
2026-2030	5,505,000	957,350
2031	<u>1,490,000</u>	<u>29,800</u>
Totals	<u>\$ 11,760,000</u>	<u>\$ 2,787,575</u>

Prior year defeasance of debt

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District’s financial statements. At year-end, \$21,909,990 of bonds outstanding are considered defeased.

Certificates of participation

In June 2014, the District issued \$5,235,000 Certificates of Participation, Series 2014. Principal payments are due in annual installments beginning in fiscal year 2016 ranging from \$200,000 to \$355,000; varying annual interest rates from 2.00% to 4.00%, payable semi-annually on June 15th and December 15th.

The following schedule represents the District’s debt service requirements to maturity for all outstanding certificates of participation indebtedness:

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note G – Long-term debt (Continued)

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 220,000	\$ 140,363
2022	225,000	134,787
2023	235,000	128,475
2024	240,000	122,537
2025	245,000	115,250
2026-2030	1,375,000	425,625
2031-2035	<u>1,650,000</u>	<u>157,606</u>
Totals	<u>\$ 4,190,000</u>	<u>\$ 1,224,643</u>

Note H – Defined benefit pension plan

Summary of significant accounting policies

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

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

General information about the pension plan

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

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

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

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

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

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

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

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. Section 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lesser of an annual increase of 1.25 percent or the average Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA’s Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. Section 24-51-413.

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

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

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

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

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

As specified in C.R.S. Section 24-51-414, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$2,360,027 for the year.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

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

At year-end, the District reported a liability of \$29,770,809 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 29,770,809
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>3,776,048</u>
Total	\$ <u>33,546,857</u>

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

At December 31, 2019, the District’s proportion was 0.1993 percent, which was a decrease of 0.0012 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension income of \$3,069,670 and revenue of \$166,557 for support from the State as a nonemployer contributing entity. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,652,243	\$ -
Changes of assumptions or other inputs	1,021,191	13,588,867
Net difference between projected and actual earnings on pension plan investments	-	3,884,672
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	4,913,745
Contributions subsequent to the measurement date	<u>1,181,867</u>	<u>-</u>
Total	<u>\$ 3,855,301</u>	<u>\$ 22,387,284</u>

\$1,181,867 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30, ___</u>	<u>Amount</u>
2021	\$(11,058,133)
2022	(7,485,602)
2023	29,546
2024	<u>(1,199,661)</u>
Totals	<u>\$(19,713,850)</u>

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

¹ For 2019, the annual increase was 0.00 percent.

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

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

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

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

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

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

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

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

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

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:

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net pension liability	\$ 39,482,467	\$ 29,770,809	\$ 21,617,026

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

Payables to the pension plan

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note I – Defined contribution pension plan

Voluntary Investment Program

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

Funding policy. The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. For the year ended, program members contributed \$144,458 for the Voluntary Investment Program.

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

Summary of significant accounting policies

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

General information about the OPEB plan

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

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

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

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

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

PERA Benefit Structure

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

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

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

and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$124,212 for the year ended.

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

At year-end, the District reported a liability of \$1,463,498 for its proportionate share of the net OPEB liability. The net pension OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

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

At December 31, 2019, the District’s proportion was 0.1302 percent, which was a decrease of 0.0001 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$48,728. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 5,077	\$ 245,925
Changes of assumptions or other inputs	12,153	-
Net difference between projected and actual earnings on OPEB plan investments	-	25,037
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	119,750
Contributions subsequent to the measurement date	<u>62,203</u>	<u>-</u>
Total	<u>\$ 79,433</u>	<u>\$ 390,712</u>

\$62,203 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30, ___</u>	<u>Amount</u>
2021	\$ (86,900)
2022	(86,900)
2023	(79,505)
2024	(68,823)
2025	(48,471)
2026	<u>(2,883)</u>
Total	<u>\$ (373,482)</u>

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

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

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

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

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

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

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

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

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

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

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

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

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

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

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

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

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

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

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

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

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

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

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

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

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

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

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

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

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Net OPEB Liability	\$ 1,428,733	\$ 1,463,498	\$ 1,503,671

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:

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019 measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 1,654,779	\$ 1,463,498	\$ 1,299,913

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

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

Payables to the OPEB plan

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

Note K – Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District continues to carry commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note L – Commitments and contingencies

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. On November 5, 1996, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$660,000 for the emergency reserve.

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Financial Statements

Note L – Commitments and contingencies (Continued)

Federal and state funding

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

Litigation

The District was involved in various pending or threatened lawsuits during the fiscal year arising from its operations. After consulting with legal counsel, the District's management has concluded that the potential claims not covered by insurance or accrued for, resulting from such litigation, would not materially affect the financial statements of the District.

Note M – Prior period restatement

The District previously reported the activity of the Pupil Activity Fund in a fiduciary fund. Beginning in fiscal year 2020, such activity has been more appropriately reported in a special revenue fund. Accordingly, the governmental activities report a restated beginning net position (deficit) of \$(30,551,807).

Beginning governmental activities net position (deficit) as originally reported	\$ (31,340,059)
Pupil activity fund reclassification	<u>788,252</u>
Beginning net position (deficit), as restated	<u>\$ (30,551,807)</u>

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Required Supplementary Information

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

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 7,402,436	\$ 7,379,607	\$ 7,338,300	\$ (41,307)
Intermediate sources	1,500	20,051	5,207	(14,844)
State sources	13,568,214	13,243,021	13,579,912	336,891
Federal sources			16,759	16,759
Total revenues	20,972,150	20,642,679	20,940,178	297,499
Expenditures				
Instruction	12,110,745	11,625,850	12,210,970	(585,120)
Supporting services	8,201,039	7,955,605	7,680,235	275,370
Capital outlay	50,000	30,000		30,000
Debt service				
Principal retirement	215,000	215,000	215,000	-
Interest and fiscal charges	146,513	148,063	148,406	(343)
Appropriated reserves	2,885,490	2,704,304		2,704,304
Total expenditures	23,608,787	22,678,822	20,254,611	2,424,211
Excess of revenues over (under) expenditures	(2,636,637)	(2,036,143)	685,567	2,721,710
Other financing uses				
Transfers out	(5,000)	(200,000)	(20,000)	180,000
Net change in fund balance	\$ (2,641,637)	\$ (2,236,143)	665,567	\$ 2,901,710
Fund balance at beginning of year			2,704,304	
Fund balance at end of year			\$ 3,369,871	

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Governmental Designated Purpose Grants Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ 90,000	280,000	\$ 124,140	(155,860)
Federal sources	1,228,754	1,300,000	1,093,436	(206,564)
Total revenues	1,318,754	1,580,000	1,217,576	(362,424)
Expenditures				
Instruction				
Salaries		850,000	629,811	220,189
Employee benefits		350,000	232,730	117,270
Purchased services		301,000	45,286	255,714
Supplies and materials		70,000	46,836	23,164
Property		8,000	13,652	(5,652)
Other		1,000	988	12
Total instruction	-	1,580,000	969,303	610,697
Supporting services				
Salaries			86,856	(86,856)
Employee benefits			36,952	(36,952)
Purchased services			91,429	(91,429)
Supplies and materials			32,751	(32,751)
Other			285	(285)
Total supporting services	-	-	248,273	(248,273)
Appropriated reserves	1,318,754			-
Total expenditures	1,318,754	1,580,000	1,217,576	362,424
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance at beginning of year			-	
Fund balance at end of year			\$ -	

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Schedule of the District's Proportionate Share of the Net Pension Liability¹
PERA's School Division Trust Fund
June 30, 2020

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
District's proportion of the net pension liability	0.1993%	0.2005%	0.2394%	0.2575%
District's proportionate share of the net pension liability	\$29,770,809	\$35,507,602	\$77,423,471	\$76,678,963
State's proportionate share of the net pension liability	<u>3,776,048</u>	<u>4,855,171</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 33,546,857</u>	<u>\$ 40,362,773</u>	<u>\$ 77,423,471</u>	<u>\$ 76,678,963</u>
District's covered payroll	\$11,707,461	\$11,024,103	\$11,044,664	\$11,558,793
District's proportionate share of the net pension liability as a percentage of its covered payroll	254.29%	322.09%	701.00%	663.38%
Plan fiduciary net position as a percentage of the total pension liability	64.52%	57.01%	43.96%	43.10%

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

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

<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
0.2641%	0.2629%	0.2654%
\$40,385,542	\$35,635,713	\$33,620,921
-	-	-
<u>\$ 40,385,542</u>	<u>\$ 35,635,713</u>	<u>\$ 33,620,921</u>
\$11,507,509	\$11,014,838	\$10,698,930
350.95%	323.52%	314.25%
59.20%	62.84%	64.06%

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Schedule of District Contributions¹
PERA's School Division Trust Fund
June 30, 2020

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Contractually required contribution	\$ 2,360,027	\$ 2,147,020	\$ 2,051,192	\$ 2,065,728
Contributions in relation to the contractually required contribution	<u>(2,360,027)</u>	<u>(2,147,020)</u>	<u>(2,051,192)</u>	<u>(2,065,728)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 12,177,608	\$ 11,223,310	\$ 10,864,814	\$ 11,240,052
Contributions as a percentage of covered payroll	19.38%	19.13%	18.88%	18.38%

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

<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
\$ 2,058,531	\$ 1,893,644	\$ 1,716,260
<u>(2,058,531)</u>	<u>(1,893,644)</u>	<u>(1,716,260)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 11,607,294	\$ 11,210,552	\$ 10,734,167
17.73%	16.89%	15.99%

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Schedule of the District's Proportionate Share of the Net OPEB Liability¹
PERA's Health Care Trust Fund
June 30, 2020

	<u>June 30, 2019</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
District's proportion of the net OPEB liability	0.1302%	0.1303%	0.1360%	0.1464%
District's proportionate share of the net OPEB liability	\$ 1,463,498	\$ 1,773,389	\$ 1,768,024	\$ 1,897,970
District's covered payroll	\$11,707,461	\$11,024,103	\$11,044,664	\$11,558,793
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	12.50%	16.09%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	24.49%	17.03%	17.53%	16.72%

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

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Schedule of District Contributions¹
PERA's Health Care Trust Fund
June 30, 2020

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Contractually required contribution	\$ 124,212	\$ 114,478	\$ 110,821	\$ 114,649
Contributions in relation to the contractually required contribution	<u>(124,212)</u>	<u>(114,478)</u>	<u>(110,821)</u>	<u>(114,649)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 12,177,608	\$ 11,223,310	\$ 10,864,814	\$ 11,240,052
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to the Required Supplementary Information

Note A – Budgetary data

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

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

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

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

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

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General Fund

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Local sources				
Property taxes	\$ 6,126,829	\$ 6,166,000	\$ 6,166,052	\$ 52
Specific ownership taxes	908,607	908,607	926,121	17,514
Delinquent taxes and interest	15,000	15,000	11,642	(3,358)
Tuition	25,000	5,000	165	(4,835)
Transportation fees	25,000	25,000	14,407	(10,593)
Earnings on investments	52,000	70,000	35,959	(34,041)
Pupil activities and fees	50,000	45,000	36,157	(8,843)
Community services activities		20,000	5,225	(14,775)
Other revenues	200,000	125,000	142,572	17,572
Total local sources	7,402,436	7,379,607	7,338,300	(41,307)
Intermediate sources	1,500	20,051	5,207	(14,844)
State sources				
State equalization	12,019,868	11,560,000	11,583,097	23,097
Vocational education	110,000	170,000	163,800	(6,200)
Special education	720,000	720,651	733,269	12,618
ELPA professional development	30,000	57,715	31,169	(26,546)
English language proficiency	20,000	20,000	26,545	6,545
CPP tax check off		1,891	1,891	-
Gifted and talented		38,882	30,961	(7,921)
Transportation	145,000	126,389	137,068	10,679
Small attendance center aid	150,000	180,000	206,488	26,488
Gifted education universal screening	37,000	18,407	18,407	-
Small rural schools funding	232,000	228,346	228,346	-
At-risk funding		14,000	14,241	241
Career success pilot program		7,000	7,000	-
Kindergarten capital construction			66,124	66,124
School to work alliance program	40,346	40,346	45,507	5,161
State on-behalf payment	64,000	59,394	285,999	226,605
Total state sources	13,568,214	13,243,021	13,579,912	336,891

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Federal sources				
Coronavirus relief			15,325	15,325
IDEA Part C			1,434	1,434
Total federal sources	-	-	16,759	16,759
Total revenues	<u>\$ 20,972,150</u>	<u>\$ 20,642,679</u>	<u>\$ 20,940,178</u>	<u>\$ 297,499</u>

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
Instruction				
Salaries	\$ 7,983,609	\$ 7,515,000	\$ 7,676,359	\$ (161,359)
Employee benefits	2,901,656	2,925,000	3,079,360	(154,360)
Purchased services	651,930	634,600	584,943	49,657
Supplies and materials	402,000	427,000	795,636	(368,636)
Property	72,000	30,200	1,725	28,475
Other	99,550	94,050	72,947	21,103
Total instruction	12,110,745	11,625,850	12,210,970	(585,120)
Supporting services				
Students				
Salaries	842,898	790,000	748,914	41,086
Employee benefits	320,813	315,000	316,769	(1,769)
Purchased services	94,250	108,000	74,719	33,281
Supplies and materials	10,000	13,000	15,215	(2,215)
Property		3,100	3,024	76
Other	300	300	50	250
Other uses of funds			22,772	(22,772)
Total students	1,268,261	1,229,400	1,181,463	47,937
Instructional staff				
Salaries	438,400	450,000	435,269	14,731
Employee benefits	154,172	170,000	174,097	(4,097)
Purchased services	70,500	50,200	67,216	(17,016)
Supplies and materials	52,700	90,000	128,520	(38,520)
Property	17,000	5,000	852	4,148
Other	1,000	1,000	922	78
Total instructional staff	733,772	766,200	806,876	(40,676)
General administration				
Salaries	273,612	279,000	290,608	(11,608)
Employee benefits	77,490	80,000	87,887	(7,887)
Purchased services	144,706	145,500	145,336	164
Supplies and materials	10,000	8,000	7,912	88
Property			2,458	(2,458)
Other	15,000	15,000	18,516	(3,516)
Total general administration	520,808	527,500	552,717	(25,217)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	869,839	860,000	816,722	43,278
Employee benefits	314,947	315,000	302,766	12,234
Purchased services	48,200	50,400	40,314	10,086
Supplies and materials	50,000	45,000	44,499	501
Property	2,000	2,000	310	1,690
Other	5,000	3,000	2,331	669
Total school administration	1,289,986	1,275,400	1,206,942	68,458
Business services				
Salaries	219,223	220,000	210,985	9,015
Employee benefits	83,947	80,000	83,650	(3,650)
Purchased services	15,895	7,395	6,523	872
Supplies and materials	12,200	75,000	87,016	(12,016)
Property	2,000	2,000	2,245	(245)
Other	1,500	1,000	557	443
Total business services	334,765	385,395	390,976	(5,581)
Operations and maintenance				
Salaries	911,243	910,500	932,233	(21,733)
Employee benefits	393,661	389,750	390,693	(943)
Purchased services	1,171,250	750,250	326,361	423,889
Supplies and materials	281,000	905,000	817,397	87,603
Property	155,000	150,000	33,932	116,068
Other	35,000			-
Total operations and maintenance	2,947,154	3,105,500	2,500,616	604,884
Student transportation				
Salaries	356,603	310,000	303,710	6,290
Employee benefits	146,738	115,000	119,298	(4,298)
Purchased services	197,000	118,000	106,825	11,175
Supplies and materials	180,000	140,000	102,168	37,832
Property	115,000			-
Other	(100,000)	(80,000)	(71,605)	(8,395)
Total student transportation	895,341	603,000	560,396	42,604

(continued)

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2020

(Continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support				
Purchased services	180,000	20,000	420,195	(400,195)
Total central support	180,000	20,000	420,195	(400,195)
Food service operations				
Supplies and materials			20,000	(20,000)
Total food service operations	-	-	20,000	(20,000)
Enterprise operations				
Supplies and materials			9	(9)
Enterprise operations	-	-	9	(9)
Community services				
Salaries	15,902	25,000	27,098	(2,098)
Employee benefits	10,000	15,000	13,759	1,241
Purchased services	2,540	1,700	1,507	193
Supplies and materials	2,500	1,500	608	892
Other	10	10	(2,927)	2,937
Total community services	30,952	43,210	40,045	228
Total supporting services	8,201,039	7,955,605	7,680,235	272,433
Capital outlay				
Facilities acquisition services				
Property	50,000	30,000		30,000
Total capital outlay	50,000	30,000	-	30,000
Debt services				
Principal retirement	215,000	215,000	215,000	-
Interest and fiscal charges	146,513	148,063	148,406	(343)
Total debt services	361,513	363,063	363,406	(343)
Appropriated reserves	2,885,490	2,704,304		2,704,304
Total expenditures	<u>\$ 23,608,787</u>	<u>\$ 22,678,822</u>	<u>\$ 20,254,611</u>	<u>\$ 2,421,274</u>

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

The District reports the following nonmajor governmental funds:

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

- Food Service Fund – This fund is used to record financial transactions related to the District’s food service operations.
-
- Pupil Activity Fund – This fund is used to record transactions related to school-sponsored pupil organizations and activities.
- Campbell Library Fund – This fund is used to account for expenditures relating to the Campbell School Library. This fund was created by a private contribution specifying that the funds be spent on the library.
- Walsh Family Foundation Fund – This fund is used to account for the proceeds of a contribution from a private donor and the related expenditures thereof.
- After Day School Fund – This fund is used to account for the financial activities associated with the District’s after school programs. This fund was closed out during the year.

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

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2020

	Food Service Fund	Pupil Activity Fund	Campbell Library Fund	Walsh Family Foundation Fund
Assets				
Cash	\$ 136,109	\$ 717,754	\$ 37,681	\$ 86,092
Certificates of deposit		24,394		
Grants receivable	38,215			
Other receivables	1,213			
Inventory	62,895			
Total assets	\$ 238,432	\$ 742,148	\$ 37,681	\$ 86,092
Liabilities				
Accounts payable	\$ 661		\$ 427	
Accrued salaries and benefits	21,261			
Unearned revenue	23,925			
Unearned grant revenue				
Other current liabilities		\$ 166		
Total liabilities	45,847	166	427	\$ -
Fund balance				
Nonspendable for inventory	62,895			
Restricted for:				
Food service program	129,690			
Library purposes			37,254	
Instructional supplies and equipment				86,092
Committed to:				
Pupil activities		741,982		
Capital projects				
Total fund balance	192,585	741,982	37,254	86,092
Total liabilities and fund balance	\$ 238,432	\$ 742,148	\$ 37,681	\$ 86,092

Capital Reserve Capital Projects	
Fund	Totals
\$ 104,948	\$ 1,082,584
	24,394
	38,215
	1,213
	62,895
<u>\$ 104,948</u>	<u>\$ 1,209,301</u>
	\$ 1,088
	21,261
	23,925
\$ 90,413	90,413
	166
90,413	136,853
	62,895
	129,690
	37,254
	86,092
	741,982
14,535	14,535
<u>14,535</u>	<u>1,072,448</u>
<u>\$ 104,948</u>	<u>\$ 1,209,301</u>

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2020

	Food Service Fund	Pupil Activity Fund	Campbell Library Fund	Walsh Family Foundation Fund
Revenues				
Local sources	\$ 126,231	\$ 724,843		
State sources	22,426			
Federal sources	649,636			
Total revenues	798,293	724,843	\$ -	\$ -
Expenditures				
Instruction		771,113		10,894
Supporting services	861,963		2,115	
Capital outlay				
Total expenditures	861,963	771,113	2,115	10,894
Excess of revenues over (under) expenditures	(63,670)	(46,270)	(2,115)	(10,894)
Other financing sources				
Transfers in				
Net change in fund balances	(63,670)	(46,270)	(2,115)	(10,894)
Fund balance at beginning of year	256,255	788,252	39,369	96,986
Fund balance at end of year	<u>\$ 192,585</u>	<u>\$ 741,982</u>	<u>\$ 37,254</u>	<u>\$ 86,092</u>

After Day School Fund	Capital Reserve Capital Projects Fund	Totals
\$ 41,520	\$ 467,295	\$ 892,594
		489,721
		649,636
41,520	467,295	2,031,951
		782,007
52,244		916,322
	477,703	477,703
52,244	477,703	2,176,032
(10,724)	(10,408)	(144,081)
	20,000	20,000
(10,724)	9,592	(124,081)
10,724	4,943	1,196,529
\$ -	\$ 14,535	\$ 1,072,448

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Food Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 400,000	\$ 300,000	\$ 126,231	\$ (173,769)
State sources		30,000	22,426	(7,574)
Federal sources	530,000	650,000	649,636	(364)
Total revenues	930,000	980,000	798,293	(181,707)
Expenditures				
Supporting services				
Salaries	350,000	300,000	311,695	(11,695)
Employee benefits	100,000	100,000	96,959	3,041
Purchased services	3,000	30,000	12,263	17,737
Supplies and materials	627,500	500,000	424,053	75,947
Property	85,000	50,000	16,993	33,007
Other	64,500	256,255		256,255
Total expenditures	1,230,000	1,236,255	861,963	374,292
Net change in fund balance	\$ (300,000)	\$ (256,255)	(63,670)	\$ 192,585
Fund balance at beginning of year			256,255	
Fund balance at end of year			\$ 192,585	

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Pupil Activity Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 400,000	\$ 1,500,000	\$ 724,843	(775,157)
Expenditures				
Instruction				
Purchased services	200,000	250,000	188,195	61,805
Supplies and materials	590,000	1,000,000	315,292	684,708
Property	200,000	300,000	161,364	138,636
Other	10,000	150,000	106,262	43,738
Appropriated reserves		588,252		588,252
Total expenditures	<u>1,000,000</u>	<u>2,288,252</u>	<u>771,113</u>	<u>1,517,139</u>
Net change in fund balance	<u>\$ (600,000)</u>	<u>\$ (788,252)</u>	<u>(46,270)</u>	<u>\$ 741,982</u>
Fund balance at beginning of year			<u>788,252</u>	
Fund balance at end of year			<u>\$ 741,982</u>	

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Campbell Library Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Supporting services				
Supplies	20,000	34,369	2,115	32,254
Property		5,000		5,000
Total expenditures	20,000	39,369	2,115	37,254
Net change in fund balance	\$ (20,000)	\$ (39,369)	(2,115)	\$ 37,254
Fund balance at beginning of year			39,369	
Fund balance at end of year			\$ 37,254	

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Walsh Family Foundation Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues	\$ -	\$ 3,000	\$ -	\$ (3,000)
Expenditures				
Instruction				
Purchased services		500		500
Supplies and materials	39,646	90,000	10,894	79,106
Property		9,486		9,486
Total expenditures	39,646	99,986	10,894	89,092
Net change in fund balance	\$ (39,646)	\$ (96,986)	(10,894)	\$ 86,092
Fund balance at beginning of year			96,986	
Fund balance at end of year			\$ 86,092	

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
After Day School Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ -	\$ 80,000	\$ 41,520	\$ (38,480)
Expenditures				
Supporting services				
Salaries		60,000	39,547	20,453
Employee benefits		20,000	8,641	11,359
Purchased services		4,500	1,862	2,638
Supplies and materials	87,511	5,000	1,599	3,401
Other		1,224	595	629
Total expenditures	87,511	90,724	52,244	38,480
Net change in fund balance	\$ -	\$ (10,724)	(10,724)	\$ -
Fund balance at beginning of year			10,724	
Fund balance at end of year			\$ -	

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Capital Reserve Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ 150,000	\$ 630,000	\$ 467,295	\$ (162,705)
Expenditures				
Capital outlay				
Purchased services		460,000	352,068	107,932
Supplies and materials		1,000	138	862
Property	480,000	200,000	125,497	74,503
Other	70,000			-
Appropriated reserves		4,943		4,943
Total expenditures	550,000	665,943	477,703	188,240
Excess of revenues over (under) expenditures	(400,000)	(35,943)	(10,408)	25,535
Other financing sources				
Transfers in		200,000	20,000	(180,000)
Net change in fund balance	<u>\$ (400,000)</u>	<u>\$ 164,057</u>	9,592	<u>\$ (154,465)</u>
Fund balance at beginning of year			4,943	
Fund balance at end of year			<u>\$ 14,535</u>	

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Budgetary Comparison Schedule – Debt Service Fund

The District reports the following major debt service fund:

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

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Bond Redemption Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 1,850,000	\$ 2,000,000	\$ 1,843,637	\$ (156,363)
Delinquent taxes and interest	4,000		3,592	3,592
Interest on investments	60,000		50,370	50,370
Total revenues	1,914,000	2,000,000	1,897,599	(102,401)
Expenditures				
Debt service				
Principal retirement	1,030,000	1,030,000	1,030,000	-
Interest and fiscal charges	492,375	520,000	488,975	31,025
Appropriated reserves	3,425,120	3,449,858		3,449,858
Total expenditures	4,947,495	4,999,858	1,518,975	3,480,883
Net change in fund balance	<u>\$ (3,033,495)</u>	<u>\$ (2,999,858)</u>	378,624	<u>\$ 3,378,482</u>
Fund balance at beginning of year			<u>3,449,858</u>	
Fund balance at end of year			<u>\$ 3,828,482</u>	

Budgetary Comparison Schedule – Fiduciary Fund

These funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds.

Private-purpose trust funds – These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

- Melendy Scholarship Trust Fund – This fund is used to record the financial transactions related to the administration of a scholarship trust that is used to award scholarships to area students.

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Melendy Scholarship Trust Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Earnings on investments	\$ -	\$ -	\$ -	\$ -
Expenditures				
Instruction				
Other		600		600
Appropriated reserves	18,027	9,828		9,828
Total expenditures	18,027	10,428	-	10,428
Change in net position	<u>\$ (18,027)</u>	<u>\$ (10,428)</u>	-	<u>\$ 10,428</u>
Net position at beginning of year			10,428	
Net position at end of year			<u>\$ 10,428</u>	

Single Audit Section

The Single Audit Section contains the following:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of the Treasury			
Pass-through program from:			
Colorado Department of Education Coronavirus Relief Funds	21.019	4012	\$ 15,325
Total U.S. Department of the Treasury			15,325
U.S. Department of Agriculture			
Child Nutrition Cluster			
Pass-through program from:			
Colorado Department of Human Services Donated Commodities	10.555	4555	59,671
Colorado Department of Education School Breakfast Program	10.553	4553	54,560
National School Lunch Program	10.555	4555	516,094
Summer Food Service Program for Children	10.559	4559	19,311
Total Child Nutrition Cluster			649,636
Total U.S. Department of Agriculture			649,636
U.S. Department of Education			
Special Education Cluster (IDEA)			
Pass-through program from:			
Colorado Department of Education Special Education - Grants to States	84.027	4027	574,486
Special Education - Preschool Grants	84.173	4173	47,928
Total Special Education Cluster			622,414
Pass-through programs from:			
State Board of Community Colleges Career and Technical Education - Basic Grants to States	84.048	5048	25,978
Colorado Department of Education Special Education - Grants for Infants and Families	84.181	5181	1,434
Total U.S. Department of Education			649,826

See accompanying Notes to Schedule of Expenditures of Federal Awards.

<u>Federal Grantor / Pass-through Grantor / Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services			
Pass-through programs from:			
Colorado Department of Education:			
Improving Student Health and Academic Achievement	93.981	7981	<u>13,916</u>
Total U.S. Department of Health and Human Services			<u>13,916</u>
Total expenditures of federal awards			<u>\$ 1,328,703</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Notes to Schedule of Expenditures of Federal Awards

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Logan County School District No. Re-1 Valley under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Logan County School District No. Re-1 Valley, it is not intended to and does not present the financial position, changes in net position, or cash flows of Logan County School District No. Re-1 Valley.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statement(s) of the federal program. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

Logan County School District No. Re-1 Valley has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note D – Subrecipients

Logan County School District No. Re-1 Valley did not pass through any federal grants to subrecipients.

Note E – Nonmonetary assistance

Federal nonmonetary assistance is reported in the Schedule at the fair value of the items received and disbursed during the year. Logan County School District No. Re-1 Valley received nonmonetary assistance for the year as follows:

CFDA No. 10.555	National School Lunch Program	\$ <u>59,671</u>
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**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Education
Logan County School District No. Re-1 Valley
Sterling, Colorado

We have audited, in accordance with the 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 Logan County School District No. Re-1 Valley (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 November 3, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (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 on the effectiveness of the Districts' 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 a 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 a 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
November 3, 2020

**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Education
Logan County School District No. Re-1 Valley
Sterling, Colorado

Report on Compliance for Each Major Program

We have audited the Logan County School District No. Re-1 Valley's (the District) compliance 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 auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a 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 internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
November 3, 2020

LOGAN COUNTY SCHOOL DISTRICT NO. RE-1 VALLEY
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Summary of audit results

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the Logan County School District No. Re-1 Valley (the District).
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the basic financial statements of the District were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the District expresses an unmodified opinion on all major federal programs.
6. The audit did not disclose any findings relative to the major federal award programs of the District.
7. The program tested as major was:

Child Nutrition Cluster	CFDA Nos. 10.553, 10.555 and 10.559
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8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The District qualified as a low-risk auditee.

Findings – Financial statement audit

We noted no findings that are required to be reported under *Government Auditing Standards*.

Findings and Questioned Costs

We noted no findings or questioned costs that are required to be reported in accordance with the Uniform Guidance.

Prior year findings

There were no findings or questioned costs reported for the year ended June 30, 2019.

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**Colorado Department of Education
Supplementary Schedule**

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

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Independent Auditors' Report on Auditors' Integrity Report

Board of Education
Logan County School District No. Re-1 Valley
Sterling, Colorado

We have audited the basic financial statements of the Logan County School District No. Re-1 Valley (the District) as of and for the year ended June 30, 2020, and our report thereon dated November 3, 2020, which expressed an unmodified opinion on those financial statements, appears on pages 1-3. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Auditors' Integrity Report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
November 3, 2020



Colorado Department of Education

Auditors Integrity Report

District: 1828 - Valley RE-1

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	2,704,230	20,493,157	19,868,410	3,328,977
18 Risk Mgmt Sub-Fund of General Fund	74	427,020	386,201	40,894
19 Colorado Preschool Program Fund	0	0	0	0
Sub-Total	2,704,304	20,920,178	20,254,611	3,369,871
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	147,079	41,520	65,253	123,345
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	256,255	798,293	861,963	192,585
22 Govt Designated-Purpose Grants Fund	0	1,217,576	1,217,576	0
23 Pupil Activity Special Revenue Fund	788,252	724,843	771,113	741,982
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	3,449,858	1,897,599	1,518,975	3,828,482
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	4,943	487,295	477,704	14,535
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	7,350,690	26,087,305	25,167,195	8,270,800
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	10,428	0	0	10,428
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34: Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	10,428	0	0	10,428

FINAL