Lake County School District R-1
Leadville, Colorado

FINANCIAL STATEMENTS AND REPORTS OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2020

CONTENTS

INDEPENDENT AUDITOR'S REPORT

January 21, 2021

To the Board of Education
Lake County School District R-1
Leadville, 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 Lake County School District R-1 (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.

Auditor's 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 auditor's 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.

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Board of Education
Lake County School District R-1

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake County School District R-1, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, pension and other postemployment benefit information as 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 combining and individual nonmajor fund financial statements and budget schedules, and the bond, health, building, and capital reserve budgetary schedules, and the Colorado Department of Education Auditor's Integrity Report are presented for purposes of additional analysis and are 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 combining and individual nonmajor fund financial statements and budgetary schedules, and the bond, health, building, and capital reserve budget to actual schedules, the Auditor's Integrity Report, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 combining and individual nonmajor fund financial statements, the budgetary schedules, the Auditor's Integrity Report 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.

Board of Education
Lake County School District R-1

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2021, 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.

Chadwick, Steinkirchner, Davis & Co., P.C.

The discussion and analysis of Lake County School District R-1 (the "District") financial performance provides an overall review of the district's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements, notes to the financial statements, budgetary comparison schedules and additional supplementary information to broaden their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

The District's budget continues to remain fairly constant. Any increases in revenue are used to offset the additional cost of salary and benefits for staff. The District has contributed unallocated funds to support out of school time programming as well as acquire vacant land adjacent to West Park Elementary which have lead to a decrease in fund balance in the General Fund over the past two years. The District continues to budget sufficient contingencies to cover any unanticipated operational needs.

- For the year ended June 30, 2020 the District's total net position increased by $5,932,451 to $2,147,873. The increase in fund balance was due primarily to an increase of local property tax collection from the addition of a bond fund.
- The General Fund reported a fund balance of $3,025,036 as of June 30, 2020, a decrease of $270,869. Of this amount, $2,340,639 or 77.4% is unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to Lake County School District's basic financial statements. The basic financial statements presented are comprised of three components: I) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. Additional information consists of supplementary information and single audit information.

Government-wide Financial Statements

The *statement of net position* presents information on all of the District's assets, deferred outflows, liabilities and deferred inflows, 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 changes in the financial position of the District. Current and previous year information is presented for comparison.

The *statement of activities* presents information reporting how the District's net position changed during fiscal year 2020. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows for future fiscal periods. Earned but unused vacation leave and uncollected taxes are examples of these types of items.

Both government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include instruction, pupil activities, instructional support, general and school administration, business and central services, and transportation.

The Government-wide financial statements can be found on pages 12-13 of this report.

Fund Financial Statements
A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All District funds can be divided into two categories: governmental funds and fiduciary funds.

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

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

The District uses nine Governmental Funds. The General Fund is the largest Governmental Fund and encompasses most of the District's revenues and expenditures. The other funds consist of the CPP Fund, the Food Service Fund, the Designated Grants Fund, the Center Fund, the Head Start Program Fund, the Bond Redemption Fund, the Building Construction fund, and the Capital Reserve Fund. An annual appropriated budget for the District is adopted for each fund. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget. The governmental fund financial statements can be found on pages 14 through 17 of this report.

Fiduciary Fund
The District acts as the agent for assets that belong to others, such as memorials, scholarships and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purpose. These activities are not included in the district-wide financial statements because it cannot use these assets to finance its operations. The basic fiduciary fund financial statements can be found on page 21 of this report.

In 2019, the District created Fund 64 which is an internal service health fund to track revenue against all expenses for medical, dental, vision, and life insurance. Total revenue for Fund 64 was $2,093,348, while expenses were $1,812,058 leaving $333,607 balance at the end of the year.

Notes to the Financial Statements
The notes to the financial statements provide additional information that is useful to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-51 of this report.

Required Supplementary Information
In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) concerning the District. The District adopts an annual appropriated budget for all funds, except Agency funds. A budgetary comparison schedule has been provided for the General Fund and the Designated Grants Fund to demonstrate compliance with reporting requirement.

Supplementary Information
The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Additionally, budget to actual schedules are presented for all other funds not presented as part of the required supplementary information.

Government-wide Financial Analysis
As noted earlier, net position may serve over time as a useful indicator of the District's financial position. Assets and deferred outflows exceeded liabilities and deferred inflows by $2,147,873 at June 30, 2020.

The District's net position includes its $25,710,479 investment in capital assets net of accumulated depreciation and related debt. The District uses these capital assets to provide educational services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position represents resources that are subject to external restriction on how they may be used. At June 30, 2020, net position totaling $15,933,444 was restricted, with $2,294,685 restricted for debt service, $16,397 restricted for pre-school, $433,000 for TABOR emergencies, 12,954,362 for capital projects, and $225,000 restricted for insurance reserve.

For fiscal year 2020, the District's net position increased by $5,932,451 resulting from an increase in tax revenue in addition to capital and operating grant contributions.

	Governmental Activities		
	2020	2019	Change
Current Assets	$ 7,070,103	$ 6,020,110	$ 1,049,993
Restricted Assets	35,407,854	1,297,239	34,110,615
Capital Assets, Net	34,851,593	33,318,343	1,533,250
Total Assets	77,329,550	40,635,692	36,693,858
Deferred Outflows of Resources	2,417,946	6,850,216	(4,432,270)
Current Liabilities	23,126,641	2,313,866	20,812,775
Long-term Liabilities	22,134,192	8,712,547	13,421,645
Net Pension Liability	18,751,415	22,198,704	(3,447,289)
Net OPEB Liability	921,881	1,107,707	(185,826)
Total Liabilities	64,934,129	34,332,824	30,601,305
Deferred Inflows of Resources	12,665,494	16,937,662	(4,272,168)
Net Position			
Net Investment in Capital Assets	25,710,479	24,667,187	1,043,292
Restricted	15,933,444	1,901,650	14,031,794
Unrestricted	(39,496,049)	(30,353,415)	(9,142,634)
Total Net Position	$ 2,147,873	$ (3,784,578)	$ 5,932,451

	Governmental Activities		
	2020	2019	Change
Program Revenues			
Charges for services	$ 556,113	$ 2,150,204	$ (1,594,091)
Operating grants	5,136,278	4,743,204	393,074
Capital grants	1,724,154	-	1,724,154
Total Program Revenues	7,416,545	6,893,408	523,137
General Revenues			
Taxes	8,987,015	6,441,671	2,545,344
Payment in lieu of taxes	135,456	154,965	(19,509)
State equalization	3,168,585	3,414,544	(245,959)
Insurance proceeds	789	13,609	(12,820)
Investment income	64,926	70,160	(5,234)
Total General Revenues	12,356,771	10,094,949	2,261,822
Total Revenues	19,773,316	16,988,357	2,784,959
Expenses			
Instructional	5,379,562	5,432,238	(52,676)
Supporting services	5,718,357	6,796,242	(1,077,885)
Food service	684,623	573,086	111,537
Community services	455,765	525,295	(69,530)
Property	-	-	-
Debt service interest	455,211	289,100	166,111
Unallocated depreciation	1,147,349	1,165,685	(18,336)
Total Expense	13,840,867	14,781,646	(940,779)
Change in net position	5,932,451	2,206,711	3,725,740
Net position, beginning	(3,784,578)	(5,991,289)	2,206,711
Change in accounting principal	-	-	-
Net position, beginning, restated	-	-	-
Net position, ending	$ 2,147,873	$ (3,784,578)	$ 5,932,451

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

General Fund
The General Fund is the major operating fund of the District, providing the majority of the resources for the educational and support programs. Revenues for the General Fund totaled $11,234,226 in fiscal year 2020 compared to $10,702,426 in fiscal year 2019, an increase of $531,800 or 4.9%. Expenditures totaled $10,945,935 compared to $10,367,160, an increase of $578,775 or 5.6%.

Revenues
Property Taxes. General Fund property tax revenues increased $1,413,857 to $6,668,204 or 26.9% due to a sizeable increase in assessed valuation. Property taxes accounted for 59.3% of the District's General Fund revenue.

Specific Ownership Taxes. Specific ownership tax is applied to the fair value of vehicles registered in Colorado. Specific ownership tax decreased $4,379, or 1.1% to $399,054.

State Equalization. State equalization revenue decreased $245,959 or 7.2% to $3,168,585 in fiscal year 2020 and accounted for 28.2% of the District's General Fund revenue.

State and Federal Grants. State and federal grants revenue decreased $232,705 or 15.8% to $1,012,077 from $1,244,782 in fiscal year 2020 and accounted for 10.6% of the District's General Fund revenue.

Miscellaneous Income. Miscellaneous and other income remained consistent with the prior year.

Other Major Funds.
The Designated Grants Fund is used to maintain separate accounting for federal, state and local grant funded programs, which normally have a different fiscal period than that of the District. Total revenues for the Designated Grants fund were $2,291,504 which equaled expenditures.

The Bond Redemption Debt Service Fund is used to account for the requirements of two general obligation bonds, 2012 and 2019. The primary revenue source for the Bond Redemption Debt Service Fund is a voter approved floating mill levy of 7.900 mills which generated $1,940,504. The Bond Redemption Debt Service Fund expenditures primarily reflect principal and interest costs of $958,735 on the District's general obligation debt.

The Capital Reserve Fund is used to acquire land and improvements, new facilities, additions, repairs and renovations to existing facilities, equipment and safety upgrades. Total revenues for the Capital Reserve Fund were $485,479, while expenditures totaled $1,039,032. The revenue sources were payment in lieu of taxes of $135,455 and $350,024 from a Homeland Security Grant. The revenues were primarily used to fund security upgrades to Lake County Intermediate School with other minor projects completed across the district.

GENERAL FUND BUDGETARY HIGHLIGHTS

Total budgeted appropriations for the General Fund adopted by the Board of Education for fiscal year 2020 were $13,214,008 which includes $327,686 for the preschool fund.

In fiscal year 2020, property tax revenues received in the General Fund was $6,668,204 compared to the budgeted amount of $6,650,531 which is less than a 1% difference.

State Equalization funds amounted to $3,168,585 compared to the budgeted amount of $3,168,582. This is an increase over budgeted expectations of $3.

In fiscal year 2020, final budgeted expenditures for the General Fund totaled $13,214,008 while actual expenditures totaled $10,945,935. $2,308,874 of the budgeted expenditures are for operating reserves and TABOR restricted balances.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - As of June 30, 2020 total capital asset was $34,851,593. This is a net increase of $1,533,250 from June 30, 2019. The increase was from increased assessed property values, acquisition of land adjacent to West Park Elementary, as well as the construction of a new PreK through 2nd grade elementary building north of West Park Elementary.

Additional information on the District's capital assets may be found in Note D to the financial statements.

Long-term debt as of June 30, 2020 is $22,174,413. Additional information on the District's long-term debt may be found in Note F to the financial statements.

FACTORS BEARING ON DISTRICT'S FUTURE

Over the past few years, the District has committed unallocated funds to out of school time programming as well as the purchase of a vacant tract of land adjacent to West Park Elementary. These decisions have contributed to a decrease in our fund balance. The District will have continued financial challenges with the maintenance of effort in staffing and operational costs in addition to the increased challenges that COVID-19 presents.

Cost of living in Leadville has continued to increase, housing is a significant concern for our employees and for the District. Increased salaries will need to be maintained for retention purposes, but any decreases in enrollment will affect our staffing. Our District continues to rely on grant dollars for many programs. The acquisition of grants will need to continue in order to maintain the current programs for our students. Our capital project needs exceed the amount we are able to set aside for capital projects.

Requests for Information

This financial report is designed to provide a general overview of the Lake County School District R 1's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the:

Chief Financial
Officer
328 West 5th Street
Leadville, Colorado 80461

BASIC FINANCIAL STATEMENTS

Lake County School District R-1

STATEMENT OF NET POSITION

June 30, 2020

		Governmental Activities
ASSETS		
Cash and investments		$ 5,594,493
Restricted cash and investments		35,407,854
Cash with county treasurer		77,852
Property taxes		870,857
Accounts receivable		55,384
Grants receivable		455,938
Inventory		15,579
Capital assets, not being depreciated		2,762,434
Capital assets, net of depreciation		32,089,159
	Total assets	77,329,550
DEFERRED OUTFLOWS		
Deferred outflows of resources related to other post employment benefits		74,912
Deferred outflows of resources related to pensions		2,343,034
	Total deferred outflows	2,417,946
LIABILITIES		
Accounts payable		1,204,811
Accrued salaries and benefits		1,145,800
Accrued interest on long-term debt		21,670
Unearned revenue		20,754,360
Due within one year		1,075,662
Due in more than one year		21,058,530
Net OPEB liability		921,881
Net pension liability		18,751,415
	Total liabilities	64,934,129
DEFERRED INFLOWS		
Deferred inflows of resources related to other post employment benefits		197,186
Deferred inflows of resources related to pensions		12,468,308
	Total deferred inflows	12,665,494
NET POSITION		
Net investment in capital assets		25,710,479
Restricted		
Capital projects		12,954,362
Tabor		443,000
Debt service		2,294,685
Insurance reserve		225,000
Colorado Preschool Program		16,397
Unrestricted		(39,496,050)
	Total net position	$ 2,147,873

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

Lake County School District R-1

STATEMENT OF ACTIVITIES

Year ended June 30, 2020

		Program revenue			Net expenses (revenues) and changes in net position
Functions/Programs	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
Instruction	$ 5,379,561	$ -	$ 3,000,490	$ 1,724,154	$ (654,917)
Supporting services	5,718,357	366,449	1,333,770	-	(4,018,138)
Food services	684,623	129,306	802,018	-	246,701
Community services	455,765	60,358	-	-	(395,407)
Interest on long-term debt	455,211	-	-	-	(455,211)
Unallocated depreciation	1,147,349	-	-	-	(1,147,349)
	$ 13,840,865	$ 556,113	$ 5,136,278	$ 1,724,154	$ (6,424,320)

General revenue	
Property taxes, general	6,668,204
Property taxes, debt service	1,919,757
Specific ownership taxes	399,054
Payment in lieu of taxes	135,456
State equalization (unrestricted)	3,168,585
Insurance proceeds	789
Investment earnings	64,926
Total general revenues and allocations	12,356,771
Change in net position	5,932,451
Net position, beginning of year	(3,784,578)
Net position, end of year	$ 2,147,873

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

Lake County School District R-1

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2020

	General Fund	Designated Purpose Grants Fund	Bond Redemption	Building Fund	Capital Reserve	Total NonMajor Funds	Total
Assets							
Cash and investments	$ 4,763,150	$ 160,811	$ -	$ -	$ 652,437	$ 23,477	5,599,875
Restricted cash and investments	-	-	2,033,488	33,374,366	-	-	35,407,854
Cash with County Treasurer	59,837		18,015	-	-	-	77,852
Property taxes	627,676	-	243,181	-	-	-	870,857
Accounts receivable	-	-		-	-	25,421	25,421
Grants receivable	76,093	195,451	-	-	-	184,394	455,938
Due from other funds	1,505,946	1,137,121	-	-	1,355,402	9,309	4,007,778
Inventories	-	-	-	-	-	15,579	15,579
Total assets	$ 7,032,702	$ 1,493,383	$ 2,294,685	$ 33,374,366	$ 2,007,839	$ 258,180	$ 46,461,155
Liabilities and fund balances							
Liabilities							
Accounts payable	$ 79,993	$ 33,143	$ -	$ 988,467	$ 1,976	$ 12,556	$ 1,116,135
Accrued salaries and benefits	897,064	169,512	-	-	-	79,224	1,145,800
Unearned revenue	85,116	1,057,005	-	19,431,537	180,702	-	20,754,360
Due to other funds	2,530,887	233,723	-	-	1,505,946	94,703	4,365,259
Total liabilities	3,593,060	1,493,383	-	20,420,004	1,688,624	186,483	27,381,554
Deferred inflows of resources							
Unavailable property tax revenue	414,606	-	-	-	-	-	414,606
Fund balances							
Nonspendable	-	-	-	-	-	15,579	15,579
Restricted							
Emergency reserve - TABOR	443,000	-	-	-	-	-	443,000
Debt service	-	-	2,294,685	-	-	-	2,294,685
Insurance reserve	225,000	-	-	-	-	-	225,000
Colorado Preschool Program	16,397	-	-	-	-	-	16,397
Capital projects	-	-	-	12,954,362	-	-	12,954,362
Committed							
Food service	-	-	-	-	-	41,202	41,202
Early Childhood Education	-	-	-	-	-	14,916	14,916
Assigned							
Capital projects	-	-	-		319,215	-	319,215
Unassigned	2,340,639	-	-	-	-	-	2,340,639
Total fund balances	3,025,036	-	2,294,685	12,954,362	319,215	71,697	18,664,995
Total liabilities and fund balances	$ 7,032,702	$ 1,493,383	$ 2,294,685	$ 33,374,366	$ 2,007,839	$ 258,180	$ 46,461,155

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

Lake County School District R-1

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2020

Total governmental funds balance		$ 18,664,995
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Cost of capital assets	$ 51,381,114	
Less accumulated depreciation	(16,529,521)	34,851,593
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the fund. Long-term liabilities at year-end consist of:		
Bonds payable	(22,015,488)	
Lease payable	(79,988)	
Retainage payable	(40,221)	
Early retirement liability	(38,716)	(22,174,413)
Items related to pensions are considered to be long-term items and are therefore not reported in the funds		
Net pension liability	(18,751,417)	
Net OPEB liability	(921,881)	
Deferred outflows related to pensions	2,343,035	
Deferred outflows related to OPEB	74,912	
Deferred inflows related to pensions	(12,468,308)	
Deferred inflows related to OPEB	(197,186)	(29,920,845)
Accrued interest is not included in the funds but is recognized in the statement of net position.		(21,670)
Receivables that are not available soon enough to pay for the current year's expenditures are deferred in the funds.		414,606
Internal service funds are used by the District to account for the costs of employee health benefits activities. The assets and liabilities of the internal service funds are included in the govermental activities in the statement of net position		333,607
Net position of governmental activities		$ 2,147,873

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

Lake County School District R-1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended June 30, 2020

	General Fund	Designated Purpose Grants Fund	Bond Redemption	Building Fund	Capital Reserve	Total NonMajor Funds	Total
Revenues							
Local sources	$ 6,863,156	$ 793,638	$ 1,940,504	$ -	$ 135,455	$ 229,284	$ 9,962,037
Intermediate sources	10,268	-	-	-	-	-	10,268
State sources	4,132,475	549,132	-	1,374,131	350,024	14,748	6,420,510
Federal sources	228,327	914,574	-	-	-	1,391,245	2,534,146
Total revenues	11,234,226	2,257,344	1,940,504	1,374,131	485,479	1,635,277	18,926,961
Expenditures							
Current:							
Instructional	6,524,879	600,302	-	-	-	-	7,125,181
Supporting services	4,421,056	1,680,730	-	-	-	41,001	6,142,787
Food services	-	-	-	-	-	886,486	886,486
Community services	-	-	-	-	-	751,245	751,245
Transportation	-	10,472	-	-	-	-	10,472
Capital outlay	-	-	-	2,290,219	1,017,525	-	3,307,744
Debt service							
Principal	-	-	506,118	-	18,914	-	525,032
Interest	-	-	452,617	-	2,593	-	455,210
Total expenditures	10,945,935	2,291,504	958,735	2,290,219	1,039,032	1,678,732	19,204,157
Excess (deficiency) of revenues over (under) expenditures	288,291	(34,160)	981,769	(916,088)	(553,553)	(43,455)	(277,196)
Other financing sources (uses)							
Debt proceeds	-	-	-	13,870,450	98,902	-	13,969,352
Transfers In (Out)	(559,160)	34,160	-	-	450,000	75,000	-
Total other financing sources (uses)	(559,160)	34,160	-	13,870,450	548,902	75,000	13,969,352
Change in fund balance	(270,869)	-	981,769	12,954,362	(4,651)	31,545	13,692,156
Fund balance, beginning of year	3,295,905	-	1,312,916	-	323,866	40,152	4,972,839
Fund balance, end of year	$ 3,025,036	$ -	$ 2,294,685	$ 12,954,362	$ 319,215	$ 71,697	$ 18,664,995

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

Lake County School District R-1

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2020

Net change in fund balances- governmental funds		$ 13,692,156
Amounts reported for governmental activities in the statement of activities are different because:		
The change in net position of the internal service fund is reported with governmental activities in the statement of activities.		281,290
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:		
Capital outlay	$ 2,640,378	
Depreciation expense	(1,147,349)	1,493,029
Some receivables will not be collected for several months after the District's fiscal year ends and are therefore not considered available revenues and are shown as unearned in the governmental funds. This is the amount by which the related deferred inflows decreased.		414,606
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in the governmental funds:		
Pension expense	3,373,702	
OPEB expense	24,076	
Decrease in retirement benefits payable	22,681	3,420,459
Debt issued during the year is a financing source in the governmental funds, but is recognized as a long-term liability in the statement of net position		(13,969,352)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		525,032
PERA on-behalf contribution on the accrual basis.		75,231
Change in net position		$ 5,932,451

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

Lake County School District R-1

STATEMENT OF NET POSITION - PROPRIETARY FUND
HEALTH FUND

June 30, 2020

		Governmental Activities Internal Service Fund
Assets		
Accounts receivable	$	29,963
Due from other funds		357,481
Total assets	$	387,444
Liabilities and fund balances		
Liabilities		
Claims payable	$	48,455
Pooled cash		5,382
Total liabilities		53,837
Net position		
Unrestricted		333,607
Total net position	$	333,607

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

Lake County School District R-1

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND HEALTH FUND

Year ended June 30, 2020

	Governmental Activities Internal Service Fund
Revenues	
Premiums	$ 1,740,840
Other insurance revenue	352,508
Total revenue	2,093,348
Expenditures	
Insurance premiums	1,812,058
Total expense	1,812,058
Total operating income	281,290
Change in net position	281,290
Net position, beginning	52,317
Net position, ending	$ 333,607

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

Lake County School District RE-1

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
HEALTH FUND

Year ended June 30, 2020

	Governmental Activities - Internal Service Fund
Cash flows from operating activities	
Cash received from insurance premiums	$ 1,954,839
Cash paid for insurance claims	(1,954,839)
Net cash provided by (used in) operating activities	-
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ 281,290
Adjustment to reconcile net operating income (loss) to net cash provided (used) by operating activites	
Changes in assets and liabilities:	
(Increase) decrease in stop loss receivable	22,354
Increase(decrease) in claims payable	(71,323)
Increase(decrease) in pooled cash	5,382
Change in interfund assets	(76,840)
Increase(decrease) in unearned revenue	(160,863)
Total adjustments	(281,290)
Net cash provided by (used in) operating activities	$ -

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

Lake County School District R-1

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
PUPIL ACTIVITY AGENCY FUND

June 30, 2020

Assets		
Cash	$	280,287
Liabilities		
Accounts payable	$	280,287

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

FOOTNOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Lake County School District R-1 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. Following is a summary of the more significant policies

Reporting Entity

The financial reporting entity consists of the District and organizations for which the District is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the District. In addition, any legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on, the District.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information of the District as a whole. The reporting information includes all of the non-fiduciary activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the District's government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major fund.

The District reports the following major governmental funds:

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

- The *Designated Purpose Grants Fund* accounts for revenues and expenditures of local, state and federal grants.

- The *Bond Redemption Fund* account for property taxes restricted for the payment of general obligation debt issued by the District.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-Wide and Fund Financial Statements - Continued

- The *Capital Reserve Fund* accounts for resources to be used for ongoing capital needs, such as site acquisition, building additions and equipment purchases.

- The *Building Fund* accumulates resources to be used for construction of large projects and large repairs to District facilities.

The District reports the Food Service, Center and Head Start Program Special Revenue Funds as non-major governmental funds.

Internal service funds account for operations undertaken by the District that primarily support the District and/or its employees. The District's only internal service fund is the Health Fund which services the District's self-funded medical insurance program.

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. The District reports the following fiduciary fund:

- The *Pupil Activity Agency Fund* is used to account for resources used to support each school's student and fundraising activities.

Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Fiduciary funds, however, are custodial in nature and do not present results of operations or have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. On an accrual basis, property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental Funds are used to account for the District's general government activities. Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and capital leases are reported as other financing sources.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus, Basis of Accounting, and Basis of Presentation - Continued

Those revenues subject to accrual are property taxes, interest revenue and charges for services. Specific ownership taxes collected and held by the county at year end, on behalf of the District, are also recognized as revenue. Other revenues, such as transportation, vocational and special education, are not subject to accrual because, generally, they are not measurable until received in cash. Entitlements and shared revenues are recorded at the time of receipt, or earlier if the accrual criteria are met.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity, with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained by the District is consistent with legal and managerial requirements.

Assets, Liabilities, Deferred Outflows, Deferred Inflows, and Equity

Deposits and Investments

The District utilizes the pooled cash concept whereby cash balances of each of the District's funds are pooled and invested by the District.

Cash and investments are presented on the balance sheet in the basic financial statements at fair value.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property taxes levied in the current year but not received at year end are identified as property taxes receivable and are presented net of an allowance for uncollectible taxes.

Inventories

Inventories are considered expenditures when used and are stated at cost, on a first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets, which include buildings, site improvements, vehicles, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund in the fund financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets, Liabilities, Deferred Outflows, Deferred Inflows, and Equity - Continued

Depreciation has been provided over the estimated useful lives of the asset in the government- wide presentation. Depreciation is calculated using the straight-line method over the following useful lives:

Buildings and Sites	30 - 50 years
Transportation Equipment	10 years
Equipment and Furniture	5 - 15 years

Unearned revenue

Unearned revenue in the government-wide and the fund financial statements consists primarily of grant revenue that has been received but not yet earned by the District.

Deferred outflows/inflows of resources

In addition to assets, the statement of net 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. The government only has one item that qualifies for reporting in this category. It is shown as pension and OPEB related amounts and includes items related to the District's portion of the Colorado Public Employees' Retirement Association (PERA) benefit plan and the associated Health Care Trust Fund administered by PERA.

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. The District has deferred inflows related to pension and OPEB liabilities reported on the government-wide statement of net position. These deferred inflows result from a number of changes in the net pension and OPEB liabilities.

Compensated Absences

District employees are entitled to certain compensated absences based upon their length of employment. Except for vacation time, compensated absences do not vest or accumulate and are not recorded as expenditures when they are paid. Compensated absences (accrued vacation) are not reflected in the General Fund as the current amount due is determined to be insignificant. For those employees contracted to work a set number of days during a year, no vacation accrual accumulates.

Early Retirement - The District has periodically paid early retirement benefits to employees. The amount of this benefit varies depending on length of service. A long-term liability is reported in the government-wide financial statements for the benefits approved by the Board of Education and earned and accepted by the employees.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets, Liabilities, Deferred Outflows, Deferred Inflows, and Equity - Continued

Accrued Salaries

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

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using a method which approximates the effective interest method. Bond issuance costs are expensed in the year they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported at other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, even if withheld from the actual new proceeds received, are reported as debt service expenditures in both the government-wide and fund financial statements.

Fund Balance/Net Position

Net position represents the difference between the assets and liabilities in the proprietary and District-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The District reports the following restricted net positions:

Restricted for Emergencies – Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note K).

Restricted for Debt Service – represents the portion of net position that is legally restricted to payment of principal and interest on long-term debt maturing in future years.

Restricted for Colorado Preschool Program – Represents the portion of net position that are legally restricted to the Colorado Preschool Program as defined by the School Finance Act of 1994, as amended.

Unrestricted net position represents assets that do not have any third-party limitations on their use.

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

Unrestricted net position represents assets that do not have any third-party limitations on their use.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets, Liabilities, Deferred Outflows, Deferred Inflows, and Equity - Continued

Under GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* in the fund financial statements, governmental funds report the following classifications of fund balance:

Non-spendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amounts the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's adopted policy, amounts may be assigned by the Superintendent or designee.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

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

State Equalization Aid

State equalization aid is revenue received from the State of Colorado computed in accordance with a funding formula as defined by State statute. The funding formula considers such factors as pupil enrollment and other revenue sources.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. An example of such an estimate that has been made by management is depreciation expense.

Property Taxes

Property taxes are recognized as revenue in the year in which they are intended to finance operating expenses, pursuant to the Colorado school district funding formula. As 2019 property taxes were both measurable and available at June 30, 2020, the District has recognized a receivable (net of uncollectible portion) for property taxes levied January 1, 2020 but not collected by June 30, 2020.

Property Tax Revenues – Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor by December 10. Assessed values are an approximation of market value. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Other Post Employment Benefits (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 outflow 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 the health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE B – TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, Colorado voters passed an amendment to Article X, Section 20 (TABOR), of the State Constitution, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments, including an emergency reserve to be maintained at 3% of fiscal year spending (excluding bonded debt service). On November 5, 1996, the District electors approved the retention and spending of the District's non-tax revenues for the year ended June 30, 1996, and subsequent years, without regard to the limitations imposed by the Amendment.

The Tabor Amendment requires the District to establish a reserve for emergencies. At June 30, 2020, the District reserved $443,000 in the General Fund for that purpose.

NOTE C – DEPOSITS AND INVESTMENTS

The District holds the following cash and investments as of June 30, 2020:

Deposits	$ 2,144,277
Investments	5,763,995
Held by fiscal agent	33,374,362
Total cash and investments	$ 41,282,634

The cash and investments are allocated in the financial statements as follows:

Governmental Activities – Unrestricted	$ 5,594,493
Governmental Activities – Restricted	35,407,854
Fiduciary Activities	280,287
Total cash and investments	$ 41,282,634

The Colorado Public Deposit Protection Act (PDPA) requires all units of local government to deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

NOTE C – DEPOSITS AND INVESTMENTS – CONTINUED

The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and the reporting of uninsured deposits and assets maintained in the collateral pools. The District does not have a formal deposit policy.

At June 30, 2020, the carrying amount of the District's deposits was $2,297,635 and the bank balance was $2,255,350. Of that balance, $250,000 was covered by FDIC insurance and $2,005,350 was collateralized.

Investments

Colorado statutes define eligible investments for local governments. These include bonds and other interest-bearing obligations of the State of Colorado or any of its political subdivisions, repurchase agreements, commercial paper, guaranteed investment contracts and local government investment pools

Interest rate risk. The District manages its interest rate risk by setting a maximum maturity date no more than five years from the date of purchase unless otherwise authorized by the Board of Education.

Credit Risk. The District's investment policy is to apply the "prudent investor" rule, which states "investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculations, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. More than five percent of the District's investments are in investments guaranteed by the United States government.

At June 30, 2020, the District had invested $3,730,908 in Colorado Government Liquid Asset Trust (COLOTRUST). Investments consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by U.S.Treasury and U.S. Agency securities. A designated custodian bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities. Colotrust is rated AAAm by Standard and Poor's. The District's investment in Colotrust as of June 30, 2020 is measured using net asset value and is therefore not categorized in a level.

At June 30, 2020 the District had invested $33,374,362 in the State of Colorado Treasury ("T-Pool"). T-Pool is held by fiscal agents and considered a money market fund. The pool is not rated.

NOTE D – INTERFUND BALANCES AND TRANSFERS

Interfund balances are created when there is a liability of one fund due to another fund. Interfund balances for the year ended June 30, 2020, were composed of the following:

Fund	Due From	Due To
General Fund	$ 1,505,946	$ 2,530,887
Designated Grants Fund	1,137,121	233,723
Capital Reserve Fund	1,355,402	1,505,946
Health Fund	357,481	–
Nonmajor Governmental Funds	9,309	94,703
Total	$ 4,365,259	$ 4,365,259

Interfund balances result from the time lag between when expenditures occur in a fund and the time it takes to reimburse the fund that paid the expenditure in the pooled cash allocation. The interfund receivables and payables are expected to be collected and paid in the subsequent year.

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 3) provide additional resources for current operations or debt service.

During the year ended June 30, 2020 transfers were as follows:

Fund	Transfers In	Transfers Out
General Fund	$ –	$ 559,160
Designated Grants Fund	34,160	–
Capital Reserve Fund	450,000	–
Nonmajor Governmental Funds	75,000	–
Total	$ 559,160	$ 559,160

NOTE E – CAPITAL ASSETS

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

	Balance June 30, 2019	Additions	Disposals	Balance June 30, 2020
Governmental activities:				
Capital assets not being depreciated				
Land	$ 186,526	$ 250,000	$ 4,531	$ 431,995
Construction in process	–	2,330,439	–	2,330,439
Total non-depreciable capital assets	186,526	2,580,439	4,531	2,762,434
Capital assets being depreciated				
Buildings	46,043,894	–	–	46,043,894
Transportation equipment	1,895,065	98,903	–	1,993,968
Other equipment	575,030	5,788	–	580,818
Total depreciable capital assets	48,513,989	104,691	–	48,618,680
Less accumulated depreciation				
Buildings	(13,615,309)	(1,034,100)	–	(14,649,409)
Transportation equipment	(1,491,572)	(90,438)	–	(1,582,010)
Other equipment	(275,291)	(22,811)	–	(298,102)
Total accumulated depreciation	(15,382,172)	(1,147,349)	–	(16,529,521)
Net capital assets	$ 33,318,343	$ 1,537,781	$ 4,531	$ 34,851,593

The District does not allocate its depreciation expense across its functions.

NOTE F – LONG-TERM OBLIGATIONS

Long-term Obligations

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

	Balance June 30, 2019	Additions	Payments	Balance June 30, 2020	Current Portion
General Obligation Bonds, series 2012	$ 8,651,156	$ –	$ 506,118	$ 8,145,038	$ 521,332
General Obligation Bonds, series 2019	–	13,870,450	–	13,870,450	522,978
Bus lease	–	98,902	18,914	79,988	19,126
Early retirement obligations	61,396	–	22,680	38,716	12,226
Net pension liability	22,198,706	–	3,447,291	18,751,415	–
Net OPEB liability	1,107,707	–	185,826	921,881	–
Total	$ 32,018,965	$ 13,969,352	$ 4,180,829	$ 41,807,488	$ 1,075,662

NOTE F – LONG-TERM OBLIGATIONS – CONTINUED

General Obligation Bonds

$11,396,379 General Obligation Bonds, Series 2012 were issued to finance improvements to the Lake County High School. Principal payments are due annually on December 1, beginning December 1, 2013 through 2032. Interest payments are due semi-annually on June 1 and December 1. Interest accrues at the rate of 3.005898%. The Bonds are subject to redemption prior to maturity at the option of the District, in whole but not in part, on December 1, 2022 and on any date, thereafter, at a redemption price equal to the principal amount thereof and a redemption premium of 3% of the principal amount so redeemed, plus accrued interest to the redemption date.

$13,870,450 General Obligation Bonds, Series 2019, dated December 5, 2019, were issued to finance local matching funds required for the District to receive State grant funds under the Building Excellent Schools Today grant for the construction of an elementary school. The bonds carry a 2.952% interest rate and mature on December 1, 2039. Principal and interest payments are made semiannually in June and December.

The District's general obligation bonds will mature as follows:

Year	Principal	Interest	Total
2021	1,044,310	638,733	1,683,043
2022	1,070,868	607,227	1,678,095
2023	1,102,770	574,851	1,677,621
2024	1,135,622	541,509	1,677,131
2025	1,169,453	507,175	1,676,628
2026-2030	6,391,070	1,983,966	8,375,036
2031-2035	5,846,125	1,004,908	6,851,033
2036-2040	4,255,265	321,344	4,576,609
Total	$ 22,015,483	$ 6,179,713	$ 28,195,196

Capital Lease

The District entered into a lease for a bus on August 29, 2019. The payments are due on an annual basis beginning on June 26, 2020 with a final payment on June 26, 2024. The interest rate on the lease is 2.98%. The lease is dependent on re-appropriation on an annual basis and does not represent an ongoing obligation for the District in compliance with TABOR. The total amount financed for the purchase is $98,902.

Year	Principal	Interest	Total
2021	19,126	2,382	21,508
2022	19,695	1,812	21,507
2023	20,282	1,226	21,508
2024	20,885	622	21,507
Total	$ 79,988	$ 6,042	$ 86,030

NOTE F – LONG-TERM OBLIGATIONS - CONTINUED

Early Retirement Obligation

The District has offered early retirement incentives to staff that are payable over a five year period subsequent to retirement in the form of a monthly benefit. The current portion of the early retirement incentive has been included in the District's accrued salaries and benefits in the general fund. Required payments related to the early retirement obligation are as follows:

Fiscal Year	Early Retirement Obligations
2021	$ 12,226
2022	12,226
2023	12,226
2024	2,038
Total	$ 38,716

NOTE G – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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

NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED

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

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

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

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. § 24-51-401, *et seq*. and § 24-51-413. Eligible employees are required to contribute 8.75 percent of their PERA-includable salary during the period of July 1, 2019 through June 30, 2020. Employer contribution requirements are summarized in the table below:

NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED

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

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

As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. 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 $1,493,088 for the year ended June 30, 2020.

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 proportion of the net pension liability was based on the District 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.

NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED

At June 30, 2020, the District reported a liability of $18,751,415 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 proportionate share of the net pension liability	$ 18,751,415
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	$ 2,378,379
Total	$ 21,129,794

At December 31, 2019, the District proportion was 0.12551 percent, which was an increase of 0.00015 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2019, the recognized pension expense for the District recognized pension expense of $3,373,701 and revenue of $75,231 for support from the State as a nonemployer contributing entity. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,021,965	$ –
Changes of assumptions or other inputs	535,325	8,505,460
Net difference between projected and actual earnings on pension plan investments	–	2,221,291
Changes in proportion and differences between contributions recognized and proportionate share of contributions	24,962	1,741,557
Contributions subsequent to the measurement date	760,782	N/A
Total	$ 2,343,034	$ 12,468,308

$760,782 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June, 30 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED

Year ended June 30, 2020	
2021	$ (6,082,108)
2022	(4,093,619)
2023	45,282
2024	(755,611)
2025	–
Thereafter	–

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:

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.

NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED

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.

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:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State provides an annual direct distribution of $225 million, which commenced July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.

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

NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 24,868,393	$18,751,415	$ 13,615,682

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.

NOTE H – 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 comprehensive annual financial report which includes additional information on the Voluntary Investment Program. The report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contribution up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, and investment earnings. For the year ended June 30, 2020, program members contributed $42,155.

NOTE I – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

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.

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

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

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

PERA Benefit Structure

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

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare

NOTE I – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

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 $78,583 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of $921,881 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The District proportion of the net OPEB liability was based on the District contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the District proportion was 0.08202 percent, which was an increase of 0.00060 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of $(24,075). At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE I – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,059	$ 154,910
Changes of assumptions or other inputs	7,648	–
Net difference between projected and actual earnings on OPEB plan investments	–	15,387
Changes in proportion and differences between contributions recognized and proportionate share of contributions	24,881	26,888
Contributions subsequent to the measurement date	39,324	N/A
Total	$ 74,912	$ 197,186

$39,324 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 year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30, 2020:	
2021	$ (35,586)
2022	(35,585)
2023	(31,129)
2024	(29,061)
2025	(28,515)
Thereafter	(1,722)

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

NOTE I – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

	decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent in 2019, gradually increasing to 4.50 percent in 2029

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

The actuarial assumptions used in the December 31, 2018, 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:

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

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

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

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

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

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure,

NOTE I – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

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.

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

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

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

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

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:

NOTE I – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

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

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

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

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

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

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:

NOTE I – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$899,983	$921,881	$947,187

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019, measurement date.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to

NOTE I – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – CONTINUED

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$1,042,372	$921,881	$818,836

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.

NOTE J – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District accounts for its risk activities in the General Fund.

The District purchases commercial insurance for its worker's compensation risks. For its risk of property loss or damage and general liability, the District participates in the Colorado School Districts Self-Insurance Pool (CSDSIP).

The CSDSIP is sponsored by the Colorado Association of School Boards, and operates as a self- insurance pool comprised of various school districts and other related public educational entities within the State of

NOTE J – RISK MANAGEMENT - CONTINUED

Colorado. The CSDSIP is administered by a board which is comprised of eight members. The eight members include the president, vice president and executive director of the Colorado Association of School Boards (CASB), with the remaining five members being appointed by the Board of directors of CASB. The District pays an annual premium to the VSDSIP for various types of property and liability insurance coverage. The pool agreement provides that the CSDSIP for various types of property and liability insurance coverage. The pool agreement provides that the CSDSIP will be self-sustaining through member premiums and will reinsure through a duly authorized insurer. The reinsurance covers claims against the CSDSIP in excess of specific claim amounts and in the aggregate in an amount and at limits determined by the CSDSIP to be adequate to protect the solvency of CSDSIP. Settled claims have not exceeded this coverage on any of the past three years.

Claims and judgments
The District participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2020, significant amount of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

NOTE K – COMMITMENTS AND CONTINGENCIES

Litigation
The District is involved in various litigations. District management estimates that the potential claims against the District not covered by insurance resulting from such litigation would be insignificant.

Significant taxpayer
The assessed properties within the boundaries of Lake County include one taxpayer that represents approximately 30% of the total taxable assessed valuation of the County. Non-payment of taxes by this taxpayer would materially affect the revenues of the District.

Tabor amendment
In November 1992, Colorado voters passed the Tabor Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limitations. The District is subject to the Tabor Amendment.

Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded unless the District's electorate votes to retain the revenue. The Tabor Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment.

In November 1996, voters within the District approved the following ballot question:

"WITHOUT INCREASING ANY TAX RATE OR IMPOSING ANY NEW TAX SHALL LAKE COUNTY SCHOOL DISTRICT R-1 BE AUTHORIZED TO COLLECT, KEEP AND EXPEND ALL GRANTS FROM STATE OR LOCAL GOVERNMENTS OR PRIVATE SOURCES RECEIVED IN THE YEAR 1996 TO AND INCLUDING 2001 WITHOUT REGARD TO ANY SPENDING, REVENUE-

NOTE K – COMMITMENTS AND CONTINGENCIES

RAISING, OR OTHER LIMITATION IN ARTICLE X SECTION 20 OF THE COLORADO CONSTITUTION OR OTHER LAWS OR OTHER LAWS OF THE STATE?"

The Tabor Amendment requires the District to establish a reserve for emergencies. At June 30, 2020, the District reserved $443,000 in the General Fund for that purpose.

NOTE L – JOINTLY GOVERNED ORGANIZATION

The District is a participant among three other districts and the Colorado Mountain College in a jointly governed organization to operate the Mountain Board of Cooperative Educational Services (BOCES). The BOCES was formed for the purpose of administrative functions among member districts for special education and federal grants. The BOCES is governed by a board of directors consisting of a member of the board of education and the superintendent from each of the participating members. The District does not have an ongoing financial interest in or ongoing financial responsibility for the BOCES. For the year ended June 30, 2020 the District paid assessments totaling $140,219 to the BOCES. Financial statements for the BOCES can be obtained from the BOCES administrative offices at: 1713 Mount Lincoln Drive West, Leadville, CO 80461.

REQUIRED SUPPLEMENTARY INFORMATION

Lake County School District R-1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

Year ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local				
Property taxes	$ 6,112,610	$ 6,323,949	$ 6,012,387	$ (311,562)
Specific ownership taxes	293,010	306,582	399,054	92,472
Delinquent taxes	33,000	33,000	241,208	208,208
Interest	2,500	2,500	44,180	41,680
Pupil activity revenue	20,000	20,000	13,940	(6,060)
Rent revenue	5,415	5,415	11,837	6,422
Donations	173,246	146,795	84,603	(62,192)
Insurance proceeds	-	-	789	789
Other local	175,000	175,000	55,158	(119,842)
Total Local	6,814,781	7,013,241	6,863,156	(150,085)
Intermediate Sources				
Forest reserve	15,000	15,000	10,268	(4,732)
State				
State equalization	3,193,624	3,168,582	3,168,585	3
Vocational education	40,764	33,868	33,868	-
ELPA	52,795	52,795	53,708	913
Transportation	82,716	82,716	78,230	(4,486)
BOCES passthrough	209,426	263,282	263,234	(48)
Other state	367,421	352,040	534,850	182,810
Total State	3,946,746	3,953,283	4,132,475	179,192
Federal				
Other	100,000	100,000	72,418	(27,582)
Federal BOCES passthrough	144,874	155,909	155,909	-
Total Federal	244,874	255,909	228,327	(27,582)
Total revenues	11,021,401	11,237,433	11,234,226	(3,207)
Expenditures				
Instruction				
Salaries	3,825,718	3,936,509	3,922,120	14,389
Benefits	1,416,135	1,470,235	1,412,452	57,783
Purchased services - professional	403,680	415,270	435,128	(19,858)
Purchased services - property	900	900	920	(20)
Purchased services - other	390,654	391,925	461,164	(69,239)
Supplies	368,512	354,053	290,143	63,910
Property	1,000	1,000	212	788
Other	13,400	13,400	2,740	10,660
Total Instruction	6,419,999	6,583,292	6,524,879	58,413
Student Support				
Salaries	351,937	337,845	339,648	(1,803)
Benefits	159,197	162,179	139,051	23,128
Purchased services - professional	5,500	6,000	3,925	2,075
Purchased services - other	12,725	7,725	1,456	6,269
Supplies	12,694	12,697	2,480	10,217
Total Student Support	542,053	526,446	486,560	39,886

(Continued)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

Year ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Instructional Staff				
Salaries	129,355	134,646	140,269	(5,623)
Benefits	52,975	54,214	44,232	9,982
Purchased services - professional	139,000	139,000	125,803	13,197
Purchased services - property	700	700	-	700
Purchased services - other	1,650	1,650	-	1,650
Supplies	83,500	83,500	53,087	30,413
Property	9,000	9,000	9,909	(909)
Total Staff Support	416,180	422,710	373,300	49,410
General Administration				
Salaries	156,401	156,401	173,581	(17,180)
Benefits	51,525	51,525	58,052	(6,527)
Purchased services - professional	19,000	19,000	12,432	6,568
Purchased services - other	20,000	24,000	28,517	(4,517)
Supplies	8,800	8,800	8,346	454
Property	500	500	-	500
Other	14,700	14,700	14,207	493
Total General Administration	270,926	274,926	295,135	(20,209)
School Administration				
Salaries	542,529	543,371	553,772	(10,401)
Benefits	230,741	230,399	204,188	26,211
Purchased services - other	650	650	190	460
Supplies	11,350	11,350	8,052	3,298
Property	200	200	-	200
Total School Administration	785,470	785,970	766,202	19,768
Business				
Salaries	121,185	133,961	127,623	6,338
Benefits	53,070	55,861	50,452	5,409
Purchased services - professional	5,000	5,000	14,548	(9,548)
Purchased services - other	3,500	11,000	9,184	1,816
Supplies	1,000	1,000	205	795
Property	400	400	-	400
Other	50	50	693	(643)
Total Business	184,205	207,272	202,705	4,567
Operations and Maintenance				
Salaries	620,551	642,610	698,665	(56,055)
Benefits	271,796	274,407	267,446	6,961
Purchased services - professional	60,000	60,000	85,981	(25,981)
Purchased services - property	106,000	104,500	109,138	(4,638)
Purchased services - other	1,500	1,500	-	1,500
Supplies	315,442	300,682	313,407	(12,725)
Property	15,000	15,000	8,148	6,852
Other	23,645	-	-	-
Total Operations and Maintenance	1,413,934	1,398,699	1,482,785	(84,086)

(Continued)

Lake County School District R-1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

Year ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Student Transportation				
Salaries	233,134	252,304	264,651	(12,347)
Benefits	125,285	130,529	130,861	(332)
Purchased services - professional	5,000	5,000	1,576	3,424
Purchased services - property	20,529	28,000	32,278	(4,278)
Purchased services - other	5,500	5,500	2,303	3,197
Property	3,000	3,000	4,127	(1,127)
Supplies	19,700	21,600	14,234	7,366
Total Student Transportation	412,148	445,933	450,030	(4,097)
Central Services				
Salaries	68,064	80,000	76,037	3,963
Benefits	23,548	26,156	27,647	(1,491)
Purchased services	255,000	255,000	260,655	(5,655)
	346,612	361,156	364,339	(3,183)
Total Suporting Services	4,371,528	4,423,112	4,421,056	2,056
Reserves for contingencies				
Reserves for contingencies	55,984	6,039	-	6,039
Total expenditures	10,847,511	11,012,443	10,945,935	66,508
Excess of revenues over (under) expenditures	173,890	224,990	288,291	63,301
Other financing sources				
Transfers (out)	(735,000)	(985,000)	(559,160)	425,840
Total other financing sources	(735,000)	(985,000)	(559,160)	425,840
Net change in fund balance	(561,110)	(760,010)	(270,869)	489,141
Fund balance, beginning	2,979,513	3,285,344	3,295,905	-
Fund balance, ending	$ 2,418,403	$ 2,525,334	$ 3,025,036	$ 489,141

Lake County School District R-1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GRANTS FUND

Year ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local				
Donations	$ 783,345	$ 924,226	$ 651,740	$ (272,486)
Grants	279,887	250,252	141,898	(108,354)
Total Local	1,063,232	1,174,478	793,638	(380,840)
State				
Health Care Professional grant	152,419	302,419	281,263	(21,156)
Expelled At-Risk grant	159,150	159,150	160,280	1,130
Student wellness	36,800	57,890	51,186	(6,704)
Other state	4,000	99,467	56,403	(43,064)
Total State	352,369	618,926	549,132	(69,794)
Federal				
Title I-A - Improving Basic Programs	253,183	249,029	249,029	-
21st Century Community Learning Centers	234,459	234,396	213,472	(20,924)
Title III, Part A	25,206	24,735	24,735	-
Title II, Part A - Teacher Quality	40,415	38,510	38,510	-
Carl Perkins Vocational Education	30,868	29,018	29,778	760
Race to the Top	-	-	6,188	6,188
Other	130,531	269,277	352,862	83,585
Total Federal	714,662	844,965	914,574	69,609
Total Revenues	2,130,263	2,638,369	2,257,344	(381,025)
Expenditures				
Instruction				
Salaries	199,649	215,319	190,297	25,022
Benefits	99,953	169,007	152,187	16,820
Purchased services - professional	116,603	123,669	107,222	16,447
Purchased services - other	45,846	54,452	36,202	18,250
Supplies	103,272	59,126	108,206	(49,080)
Property	-	-	6,188	(6,188)
Total Instruction	565,323	621,573	600,302	21,271
Student Support				
Salaries	664,419	903,148	708,669	194,479
Benefits	234,145	276,803	203,810	72,993
Purchased services - professional	255,695	370,325	283,280	87,045
Purchased services - other	120,627	38,846	19,587	19,259
Supplies	8,932	37,218	24,151	13,067
Other	4,283	4,283	4,283	-
Total Student Support	1,288,101	1,630,623	1,243,780	386,843

(Continued)

Lake County School District R-1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GRANTS FUND

Year ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Staff support				
Salaries	239,197	322,230	324,245	(2,015)
Benefits	84,185	110,487	110,352	135
Total Staff Support	323,382	432,717	434,597	(1,880)
School Business				
Salaries	2,000	2,000	2,000	-
Benefits	440	440	353	87
Total School Business	2,440	2,440	2,353	87
Transporation				
Salaries	-	-	8,594	(8,594)
Benefits	-	-	1,878	(1,878)
Total Transportation	-	-	10,472	(10,472)
Total expenditures	2,179,246	2,687,353	2,291,504	395,849
Transfers in	400,000	400,000	34,160	(365,840)
Net change in fund balance	351,017	351,016	-	(351,016)
Fund balance, beginning	-	-	-	-
Fund balance, ending	$ 351,017	$ 351,016	$ -	$ (351,016)

Lake County School District R-1

SCHEDULE OF ACTIVITY - NET PENSION LIABILITY

Year ended June 30, 2020

	Employer proportion of NPL	Employer proportionate share of NPL	State's proportionate share of the net pension liability	Employer covered payroll	Employer proportionate share of NPL as a percentage of covered payroll	Pension plan's fiduciary net position as a percentage of total pension liability
Measurement date:						
December 31, 2013	0.14683102%	$ 18,308,363	$ -	$ 5,786,362	316.41%	64.10%
December 31, 2014	0.14438743%	19,569,347	-	6,049,167	323.51%	62.80%
December 31, 2015	0.14604846%	22,387,081	-	6,363,878	351.78%	59.16%
December 31, 2016	0.14683102%	43,717,274	-	6,590,004	663.39%	43.13%
December 31, 2017	0.13969233%	45,171,535	-	6,679,965	676.22%	43.96%
December 31, 2018	0.12536643%	22,198,702	3,035,364	6,911,090	321.20%	57.01%
December 31, 2019	0.12551331%	18,751,415	2,378,379	7,374,222	254.28%	64.52%

Lake County School District R-1

SCHEDULE OF ACTIVITY - EMPLOYER PENSION CONTRIBUTIONS

Year ended June 30, 2020

	Required employer contribution	Employer contributions recognized by the plan	Difference	Employer covered payroll	Contributions as a percentage of employer covered payroll
Measurement date:					
June 30, 2013	$ 926,219	$ 926,219	$ -	$ 5,748,203	16.11%
June 30, 2014	990,535	990,535	-	5,822,274	17.01%
June 30, 2015	1,120,600	1,120,600	-	6,256,642	17.91%
June 30, 2016	1,233,696	1,233,696	-	6,571,617	18.77%
June 30, 2017	1,235,169	1,235,169	-	6,366,791	19.40%
June 30, 2018	1,329,727	1,329,727	-	6,679,965	19.91%
June 30, 2019	1,354,436	1,354,436	-	7,080,166	19.13%
June 30, 2020	1,493,088	1,493,088	-	7,704,255	19.38%

Lake County School District R-1

SCHEDULE OF ACTIVITY - NET OPEB LIABILITY

Year ended June 30, 2020

	Employer proportion of NPL	Employer proportionate share of NPL	Employer covered payroll	Employer proportionate share of NPL as a percentage of covered payroll	Pension plan's fiduciary net position as a percentage of total pension liability
Measurement date:					
December 31, 2017	0.07937263%	$ 1,031,527	$ 6,679,965	15.44%	18.00%
December 31, 2018	0.08141661%	1,107,707	6,911,090	16.03%	17.03%
December 31, 2019	0.08201806%	921,881	7,374,222	12.50%	24.49%

Lake County School District R-1

SCHEDULE OF ACTIVITY - EMPLOYER CONTRIBUTIONS TO OPEB

Year ended June 30, 2020

	Required employer contribution	Employer contributions recognized by the plan	Difference	Employer covered payroll	Contributions as a percentage of employer covered payroll
Measurement date:					
June 30, 2018	$ 68,135	$ 68,135	$ -	$ 6,679,965	1.02%
June 30, 2019	72,218	72,218	-	7,080,166	1.02%
June 30, 2020	78,583	78,583	-	7,704,255	1.02%

NOTE A RSI – BUDGETS AND BUDGETARY ACCOUNTING

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for the enterprise fund which budgets on a non-GAAP basis. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year-end. The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. By 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. All appropriations lapse at year end.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or as revised by the Board of Education.
- Budget amendments increasing total fund appropriations must be approved by the Board of Education. During the year, supplemental appropriation resolutions were approved by the Board of Education.
- During the year ended June 30, 2020, supplementary appropriations approved by the District as follows:

Fund	Original Budget	Final Budget
General Fund	$ 11,582,511	$ 11,997,443
Designated Grants Fund	2,179,246	2,687,353
Food Services Fund	722,345	725,891
Center Fund	241,681	220,919
Head Start Fund	765,085	765,085
Bond Redemption Fund	758,556	958,735
Building Fund	–	34,676,114
Capital Reserve Fund	931,770	1,221,806
Health Fund	2,096,757	1,924,074
Pupil Activity	275,000	275,000
Total	$ 19,552,951	$ 55,452,420

NOTE B RSI – PENSIONS

Subsequent Event

Subsequent to December 31, 2019, as a result of the COVID-19 pandemic, the global economic outlook has changed. The duration and full effects of the pandemic are currently unknown, as the global picture continues to evolve. Although unprecedented federal fiscal and monetary stimulus have helped to stabilize and soften the impact of economic contraction, the near-term negative impact on PERA's investment portfolio, as well the short-medium term impact on the Trust Fund's membership and demographics, remains uncertain.

NOTE C RSI – OPEB

Factors that Significantly Affect Trends in the Amounts Reported

There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or assumptions used that significantly affect trends in the amounts reported.

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SUPPLEMENTARY INFORMATION

Lake County School District R-1

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2020

	Food Service Fund	Center Fund	Head Start Fund	Total
Assets				
Cash and investments	$ 5,669	$ 17,808	$ -	$ 23,477
Accounts receivable	25,421	-	-	25,421
Grants receivable	124,924	-	59,470	184,394
Due from other funds	-	9,309	-	9,309
Inventory	15,579	-	-	15,579
Total Assets	$ 171,593	$ 27,117	$ 59,470	$ 258,180
Liabilities and Fund Balance				
Liabilities				
Accounts payable	$ 10,766	$ 789	$ 1,001	$ 12,556
Accrued salaries and benefits	27,836	11,412	39,976	79,224
Unearned revenues	-	-	-	-
Due to other funds	76,210	-	18,493	94,703
Total Liabilities	114,812	12,201	59,470	186,483
Fund Balances				
Nonspendable	15,579	-	-	15,579
Assigned	41,202	14,916	-	56,118
Total Fund Balance	56,781	14,916	-	71,697
Total Liabilities and Fund Balance	$ 171,593	$ 27,117	$ 59,470	$ 258,180

Lake County School District R-1

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS

Year ended June 30, 2020

	Food Service Fund	Center Fund	Head Start Fund	Total
Revenues				
Local sources	$ 129,306	$ 99,978	$ -	$ 229,284
State sources	14,748	-	-	14,748
Federal sources	787,270	4,712	599,263	1,391,245
Total revenues	931,324	104,690	599,263	1,635,277
Expenditures				
Food services	886,486	-	-	886,486
Operations and maintenance	-	654	8,469	9,123
Transportation		-	31,878	31,878
Community support	-	192,329	558,916	751,245
Total expenditures	886,486	192,983	599,263	1,678,732
Excess Revenues over (under) expenditures	44,838	(88,293)	-	(43,455)
Other financing sources				
Transfers in (out)	-	75,000	-	75,000
Total other financing sources	-	75,000	-	75,000
Net change in fund balance	44,838	(13,293)	-	31,545
Fund balance, beginning	11,943	28,209	-	40,152
Fund balance, ending	$ 56,781	$ 14,916	$ -	$ 71,697

Lake County School District R-1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FOOD SERVICE FUND

Year ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Lunch sales	$ 116,000	$ 116,000	$ 89,517	$ (26,483)
A la carte sales	21,000	21,000	17,833	(3,167)
Special function sales	18,000	18,000	21,956	3,956
SMCN	4,500	4,500	4,032	(468)
Start Smart	5,000	5,000	4,236	(764)
Other state	5,000	5,000	6,480	1,480
Commodity distribution	33,000	25,000	30,348	5,348
National School Lunch Program	240,000	479,109	453,762	(25,347)
National School Breakfast Program	140,000	140,000	89,598	(50,402)
Summer Food Program	8,500	8,500	12,913	4,413
CACFP Snack grant	45,000	45,000	173,828	128,828
Other Federal	20,000	25,948	26,821	873
Total revenues	656,000	893,057	931,324	38,267
Expenditures				
Salaries	291,200	299,925	327,419	(27,494)
Benefits	114,145	116,966	145,215	(28,249)
Purchased services - other	2,500	2,500	604	1,896
Supplied	3,500	3,500	2,488	1,012
Food	225,000	464,109	341,792	122,317
Milk	53,000	53,000	38,620	14,380
Commodities	33,000	25,000	30,348	(5,348)
Total expenditures	722,345	965,000	886,486	78,514
Revenues over (under) expenditures	(66,345)	(71,943)	44,838	116,781
Other financing sources				
Transfers in	60,000	60,000	-	(60,000)
Total other financing sources	60,000	60,000	-	(60,000)
Net change in fund balance	(6,345)	(11,943)	44,838	56,781
Fund balance, beginning	6,345	11,943	11,943	-
Fund balance, ending	$ -	$ -	$ 56,781	$ 56,781

Lake County School District R-1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CENTER FUND

Year ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Tuition	$ 113,460	$ 114,712	$ 86,520	$ (28,192)
Donations	33,000	3,000	13,458	10,458
IDEA Preschool	-	-	4,712	4,712
Total revenues	146,460	117,712	104,690	(13,022)
Expenditures				
Operations and Maintenance				
Salaries	4,400	4,400	536	3,864
Benefits	2,537	2,537	118	2,419
Total operations and maintenance	6,937	6,937	654	6,283
Community Support				
Salaries	95,779	97,031	113,151	(16,120)
Benefits	36,931	36,931	40,434	(3,503)
Purchased services	-	-	8,469	(8,469)
Supplies	12,198	12,198	17,397	(5,199)
Other	89,836	67,822	12,878	54,944
Total community support	234,744	213,982	192,329	21,653
Total expenditures	241,681	220,919	192,983	27,936
Transfers in	75,000	75,000	75,000	-
Net change in fund balance	(20,221)	(28,207)	(13,293)	14,914
Fund balance, beginning	20,221	28,207	28,209	2
Fund balance, ending	$ -	$ -	$ 14,916	$ 14,916

Lake County School District R-1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - HEAD START PROGRAM FUND

Year ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Head Start grant	$ 765,085	765,085	$ 599,263	$ (165,822)
Total revenues	765,085	765,085	599,263	(165,822)
Expenditures				
Operations and Maintenance				
Salaries	8,120	5,257	6,944	(1,687)
Benefits	3,366	1,145	1,525	(380)
Total operations and maintenance	11,486	6,402	8,469	(2,067)
Transportation				
Salaries	15,000	15,000	21,864	(6,864)
Benefits	6,126	6,053	10,014	(3,961)
Total transportation	21,126	21,053	31,878	(10,825)
Community Support				
Salaries	377,180	380,041	376,217	3,824
Benefits	157,617	159,911	144,716	15,195
Purchased services - professional	11,751	8,978	14,620	(5,642)
Purchased services - other	18,345	20,868	16,786	4,082
Supplies	11,360	11,578	2,635	8,943
Vehicle	156,220	156,254	3,942	152,312
Total community support	732,473	737,630	558,916	178,714
Total expenditures	765,085	765,085	599,263	165,822
Net change in fund balance	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	$ -	$ -	$ -	$ -

Lake County School District R-1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BOND REDEMPTION FUND

Year ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	$ 789,185	$ 1,346,685	$ 1,919,757	$ 573,072
Interest income	-	-	20,747	20,747
Total revenues	789,185	1,346,685	1,940,504	593,819
Expenditures				
Debt service				
Principal	506,118	506,118	506,118	-
Interest	252,438	452,617	452,617	-
Total expenditures	758,556	958,735	958,735	-
Net change in fund balance	30,629	387,950	981,769	593,819
Fund balance, beginning	1,266,198	1,312,916	1,312,916	-
Fund balance, ending	$ 1,296,827	$ 1,700,866	$ 2,294,685	$ 593,819

Lake County School District R-1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUILDING FUND

Year ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
State BEST Grant	$ -	$ 20,805,668	$ 1,374,131	$ (19,431,537)
Total revenues	-	20,805,668	1,374,131	(19,431,537)
Expenditures				
Capital outlay	-	34,676,114	2,290,219	32,385,895
Total expenditures	-	34,676,114	2,290,219	32,385,895
Excess revenues over (under) expenditures	-	(13,870,446)	(916,088)	12,954,358
Other financing sources				
Bond proceeds	-	13,870,446	13,870,450	4
Total other financing sources	-	13,870,446	13,870,450	4
Net change in fund balance	-	-	12,954,362	12,954,362
Fund balance, beginning	-	-	-	-
Fund balance, ending	$ -	$ -	$ 12,954,362	$ 12,954,362

Lake County School District R-1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL PROJECTS CAPITAL RESERVE FUND

Year ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Payments in lieu of taxes	$ 170,000	$ 170,000	$ 135,455	$ (34,545)
State grants	492,270	532,306	350,024	(182,282)
Total Revenues	662,270	702,306	485,479	(216,827)
Expenditures				
Facilities/Property				
Buildings	697,270	947,270	663,227	284,043
Equipment	190,500	230,536	232,089	(1,553)
Vehicles	44,000	44,000	23,307	20,693
Capital outlay	-	-	98,902	(98,902)
Debt service				
Principal	-	-	18,914	(18,914)
Interest	-	-	2,593	(2,593)
Total Expenditures	931,770	1,221,806	1,039,032	303,183
Excess revenues over (under) expenditures	(269,500)	(519,500)	(553,553)	(34,053)
Other financing sources				
Lease proceeds	-	-	98,902	98,902
Transfers in	200,000	450,000	450,000	-
Total other financing sources	200,000	450,000	548,902	98,902
Net change in fund balance	(69,500)	(69,500)	(4,651)	64,849
Fund balance, beginning	323,334	323,866	323,866	-
Fund balance, ending	$ 253,834	$ 254,366	$ 319,215	$ 64,849

Lake County School District R-1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL - HEALTH FUND

Year ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Premiums	$ 1,671,757	$ 1,671,757	$ 1,740,840	$ 69,083
Other insurance revenue	200,000	200,000	352,508	152,508
Total revenues	1,871,757	1,871,757	2,093,348	221,591
Expenditures				
Insurance premiums	2,096,757	1,924,074	1,812,058	112,016
Total Expenditures	2,096,757	1,924,074	1,812,058	112,016
Excess Revenues over (under) Expenditures	(225,000)	(52,317)	281,290	333,607
Net change in net position	(225,000)	(52,317)	281,290	333,607
Net position, beginning	225,000	52,317	52,317	-
Net position, ending	$ -	$ -	$ 333,607	$ 333,607

Lake County School District R-1

BUDGETARY COMPARISON SCHEDULE - PUPIL ACTIVITY FUND

Year ended June 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Receipts	$ 275,000	$ 229,950	$ (45,050)
Disbursements	275,000	213,233	61,767
Net receipts (disbursements)	$ -	16,717	$ 16,717
Cash in bank, beginning		263,570	
Cash in bank, ending		$ 280,287	

Lake County School District R-1

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
PUPIL ACTIVITY AGENCY FUND

June 30, 2020

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Assets				
Cash	$ 263,570	$ 229,950	$ 213,233	$ 280,287
Liabilities				
Accounts payable	$ 263,570	$ 229,950	$ 213,233	$ 280,287

SINGLE AUDIT

Lake County School District R-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2020

Federal Grantor/Pass Through Grantor/Program Title	State Pass-through ID	Federal CFDA Number	2020 Amount of Award Expended
U.S. Department of Agriculture			
Passed through Colorado Department of Human Services			
Donated Commodities	4555	10.555	$ 30,348
Passed through Colorado Department of Education			
School Breakfast Program	4553	10.553	89,598
National School Lunch Program	4555	10.555	453,762
Summer Food Service Program for Children	4559	10.559	12,913
Child Nutrition Cluster Sub-Total			586,621
Child Nutrition Discretionary Grants	5579	10.579	6,188
Fresh Fruit & Vegetables Program	4582	10.582	26,821
Passed through Colorado Department of Public Health and Environment			
Child and Adult Care Food Program	4558	10.558	173,828
Total U.S. Department of Agriculture			793,458
U.S. Department of Education			
Passed through Colorado Department of Education			
Title I Part A Improving Basic Program Operated by Schools	4010/5010	84.010	450,148
Education for Homeless Children and Youth	5196	84.196	22,393
21st Century Learning Centers	5287	84.287	213,472
Title IV-A Student Support	4424	84.424	18,711
Title III Part A English Language Acquisition	4365	84.365	24,735
Title II part A Improving Teacher Quality	4367	84.367	38,510
Passed through Colorado Mountain College			
Carl Perkins	4048	84.048	29,778
Total U.S. Department of Education			797,747
U.S. Department of Health and Human Services			
Passed through Colorado Department of Education			
Improving Student Heatlh and Academic Achievement through Nutrition, Physical Activity, and Management of Chronic Conditions	7981	93.981	17,000
Direct Program			
Head Start	8600	93.600	599,263
Total U.S. Department of Health and Human Services			616,263
U.S. Department of the Treasury			
Passed through Colorado Department of Education			
Coronavirus Relief Fund (CRF): K-12	4012	21.019	93,639
Total U.S. Department of the Treasury			93,639
Total Federal Awards			$ 2,301,107

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2020

NOTE A – GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal award programs of the Lake County School District R-1 (the District). The District's reporting entity is defined in Note A to the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulation (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Indirect costs

The District did not elect to use the 10% de minimis indirect cost rate.

Pass-through entities

The District did not pass-through any federal funds to other entities for the year ended June 30, 2020.

Commodities

Commodities donated to the District by the U.S. Department of Agriculture (USDA) of $30,348 are valued based on the USDA's Donated Commodity Price List. These are shown as part of the National School Lunch program (10.555).

Total expenditures for the National School Lunch Program are as follows:

Commodities	$ 30,348
National School Lunch Program	453,762
Total	$ 484,110

NOTE B – BASIS OF ACCOUNTING

The accompanying Schedule is presented using the modified accrual basis of accounting.

NOTE C – SUB-RECIPIENTS

The District did not pass through any federal funds to sub-recipients.

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

January 21, 2021

To the Board of Education
Lake County School District R-1
Leadville, 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 the Lake County School District R-1 (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 January 21, 2021.

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 District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses. The reference number for this finding is 2020-001.

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.

Board of Education
Lake County School District R-1

Lake County School District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Chadwick, Steinkirchner, Davis & Co., P.C.

Chadwick, Steinkirchner, Davis & Co., P.C. Consultants and Certified Public Accountants

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

January 21, 2021

To the Board of Education
Lake County School District
Leadville, Colorado

Report on Compliance for Each Major Federal Program

We have audited Lake County School District R-1'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 auditor's 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.

Auditor's 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

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Board of Education
Lake County School District R-1

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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.

Chadwick, Steinkirchner, Davis & Co., P.C.

Lake County School District R-1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified Opinion			
Internal control over financial reporting:				
Material weakness(es) identified?	✓	yes		no
Significant deficiency(ies) identified not considered to be material weaknesses?		yes	✓	none reported
Noncompliance material to financial statements noted?		yes	✓	no

Federal Awards

Internal Control over major programs:				
Material weakness(es) identified?		yes	✓	no
Significant deficiency(ies) identified not considered to be material weaknesses?		yes	✓	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified Opinion			
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516?		yes	✓	no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies
93.600	Head Start

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000			
Auditee qualified as low-risk auditee?		yes	✓	no

SECTION II - FINDINGS UNDER GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

Material Weakness
2020-001

Repeat finding: Yes. This was a significant deficiency in the prior year reported as 2019-001.

Criteria: A complete system of internal control includes the ability of the District's staff to compile financial statements and footnotes in compliance with generally accepted accounting principles as applied to local governments.

Condition: During testing, there were significant misstatements detected through audit testing that indicate that the client does not have the current ability to compile a full set of GAAP financial statements. Large misstatements in the current year were related to proper reporting of bond proceeds, grant funds and cash held by a third party for construction of a new school.

Effect: Balances and disclosures in the financial statements could be misstated if the entity does not have the ability to compile a full set of GAAP financial statements and footnotes.

Cause: The finance director was new to the district in the prior year and the staff has not had training in compiling GAAP financial statements. Plans to implement changes and acquire changes in fiscal year 2020 were delayed due to the COVID-19 pandemic and related shut-downs.

Recommendations: We recommend that the staff acquire the training necessary to be able to complete a set of GAAP financial statements and to identify information that is required to be reported in the financial statements and footnotes.

View of responsible officials: Management agrees.

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS

Our audit did not disclose any matters required to be reported in accordance with 2CFR 200.516(a).

Significant Deficiency
2019-001

It was recommend that management get necessary training to be able to produce a set of financial statements that are in compliance with generally accepted accounting principles as applied to local governments.

Status of finding: This finding was repeated in the current year as material weakness 2020-001. The client has a multi-year plan to address this finding which has been delayed further due to upheaval related to the COVID-19 pandemic during fiscal year 2020.

Lake County School District R-1 respectfully submits the following corrective action plan for the year ended June 30, 2020.

FINDINGS UNDER GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

Material Weakness

2020-001

Repeat finding: Yes. This was a significant deficiency in the prior year reported as 2019-001.

Criteria: A complete system of internal control includes the ability of the District's staff to compile financial statements and footnotes in compliance with generally accepted accounting principles as applied to local governments.

Condition: During testing, there were significant misstatements detected through audit testing that indicate that the client does not have the current ability to compile a full set of GAAP financial statements. Large misstatements in the current year were related to proper reporting of bond proceeds, grant funds and cash held by a third party for construction of a new school.

Effect: Balances and disclosures in the financial statements could be misstated if the entity does not have the ability to compile a full set of GAAP financial statements and footnotes.

Cause: The finance director was new to the district in the prior year and the staff has not had training in compiling GAAP financial statements. Plans to implement changes and acquire changes in fiscal year 2020 were delayed due to the COVID-19 pandemic and related shut-downs.

Recommendations: We recommend that the staff acquire the training necessary to be able to complete a set of GAAP financial statements and to identify information that is required to be reported in the financial statements and footnotes.

View of responsible officials: The COVID-19 pandemic has created a significant increase in workload for a limited accounting staff which delayed our ability to implement this change with fidelity. Moving forward, accounting staff will continue learning about the Alio software used to track revenue and expenses, attending the Alio Summit is one such training that can provide necessary knowledge. By September 1st, 2021 district accounting staff will use templates provided by auditor to compile a full set of GAAP financial statements prior to the audit beginning around October 1, 2021 with a two-year goal (2023) of generating these reports with minimal errors for the auditor.

Paul Anderson, CFO/COO

panderson@lakecountyschools.net

719-486-6835

Colorado Department of Education

Auditors Integrity Report

District: 1510 - Lake County R-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	3,290,625	10,346,020	10,628,006	3,008,639
18	Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19	Colorado Preschool Program Fund	5,279	329,048	317,930	16,397
	Sub- Total	3,295,904	10,675,068	10,945,936	3,025,036
11	Charter School Fund	0	0	0	0
20,26-29	Special Revenue Fund	28,209	778,955	792,247	14,916
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	11,943	931,324	886,487	56,781
22	Govt Designated-Purpose Grants Fund	0	2,291,503	2,291,503	0
23	Pupil Activity Special Revenue Fund	0	0	0	0
24	Full Day Kindergarten Mill Levy Override	0	0	0	0
25	Transportation Fund	0	0	0	0
31	Bond Redemption Fund	1,312,916	1,940,503	958,734	2,294,685
39	Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41	Building Fund	0	15,244,581	2,290,219	12,954,362
42	Special Building Fund	0	0	0	0
43	Capital Reserve Capital Projects Fund	323,866	1,034,383	1,039,033	319,215
46	Supplemental Cap Const, Tech, Main Fund	0	0	0	0
	Totals	4,972,837	32,896,317	19,204,159	18,664,995
Proprietary					
50	Other Enterprise Funds	0	0	0	0
64 (63)	Risk-Related Activity Fund	52,318	352,508	71,219	333,607
60,65-69	Other Internal Service Funds	0	0	0	0
	Totals	52,318	352,508	71,219	333,607
Fiduciary					
70	Other Trust and Agency Funds	0	0	0	0
72	Private Purpose Trust Fund	0	0	0	0
73	Agency Fund	0	0	0	0
74	Pupil Activity Agency Fund	263,570	229,950	213,233	280,287
79	GASB 34:Permanent Fund	0	0	0	0
85	Foundations	0	0	0	0
	Totals	263,570	229,950	213,233	280,287

FINAL