

MORGAN COUNTY SCHOOL DISTRICT Re-3



Financial Statements

Fiscal Year Ended June 30, 2020

**715 West Platte Ave.
FORT MORGAN, COLORADO 80701**

**MORGAN COUNTY SCHOOL
DISTRICT Re-3
Fort Morgan, Colorado**

Financial Statements

***Fiscal Year Ended
June 30, 2020***

Prepared by the Department of Finance

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Morgan County School District Re-3
Table of Contents

FINANCIAL SECTION

Independent Auditors' Report	1-2
Management's Discussion and Analysis.....	3-19

Basic Financial Statements

Government Wide Financial Statements

Statement of Net Position	20
Statement of Activities	21

Fund Financial Statements

Balance Sheet – Governmental Funds	22-23
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	24-25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	26
Statement of Fiduciary Net Position.....	27
Statement of Changes in Fiduciary Net Position.....	28

Notes to Financial Statements	29-64
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Morgan County School District Re-3
Table of Contents

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability and Contributions	65
Schedule of Proportionate Share of the Net OPEB Liability and Contributions	66
Budgetary Comparison Schedule - General Fund.....	67-69
Budgetary Comparison Schedule - Federal Programs Fund.....	70
Notes to Required Supplementary Information	71-72

Combining and Individual Fund Financial Statements and Schedules

Combining Balance Sheet - General Fund.....	74-75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund	76-77
Budgetary Comparison Schedule - Bond Redemption Fund	78
Budgetary Comparison Schedule - Building Fund.....	79
Budgetary Comparison Schedule - Food Service Fund	88
Budgetary Comparison Schedule - Private-Purpose Trust Fund.....	81
Statement of Changes in Assets and Liabilities - Agency Fund	82

Morgan County School District Re-3
Table of Contents

COMPLIANCE SECTION

Single Audit

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	83-84
Independent Auditors' Report on Compliance for each Major Federal Program and Internal Control over Compliance	85-87
Schedule of Findings and Questioned Costs	88
Schedule of Expenditures of Federal Awards	89
Notes to the Schedule of Expenditures of Federal Awards	90

State Compliance

Auditors Integrity Report.....	91
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Independent Auditors' Report

Board of Education
Morgan County School District RE-3
Fort Morgan, 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 Morgan County School District RE-3, 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; 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 opinion.

Opinion

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 Morgan County School District RE-3 as of June 30, 2020, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Our audit was made for the purpose of forming opinions on the basic financial statements taken as a whole. The combining statements and individual fund financial statements and schedules on pages 74-82 and the Schedule of Expenditures of Federal Awards required by *Title 2 U.S. Code of Federal Regulations Part 200* on page 89 and the Auditors' Integrity Report figures on page 91 are presented for the purposes of additional analysis, and are not a required part of the basic financial statements of Morgan County School District RE-3. Such information is the responsibility of the management and was derived from and relates to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Accounting principles generally accepted in the United States require that management discussion and analysis, the General Fund and Federal Programs Fund budgetary comparison schedules, and pension and OPEB information 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, 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 evidence sufficient to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2021, on our consideration of Morgan County School District RE-3's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Anderson & Whitney, P.C.

February 19, 2021

Morgan County School District Re-3
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2020

This discussion and analysis of Morgan County School District Re-3's financial performance provides an overview of the District financial activities for 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, along with the notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year ended June 30, 2020 are as follows:

- The District's total net position decreased by \$13,119,156 over the previous year net position. The majority of the decrease is represented by an increase in the District's net pension and postemployment benefit liabilities and deferred inflows for pensions and postemployment benefits in excess of the deferred outflows for pensions and other postemployment benefits over the same groups of accounts from June 30, 2019.
- At the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$14,845,873 compared to \$15,603,249 at the close of the prior fiscal year.
- Total ending fund balances for the governmental funds at June 30, 2020 included \$9,888,243 for the General Fund; \$272,741 for the Federal Programs Fund, \$2,869,607 for the Bond Redemption Fund, \$1,390,094 for the Building Fund that was created in fiscal year 2013-2014 and \$425,188 in the District's nonmajor governmental fund which represents the District's Food Service Fund. The \$1,390,094 in the Building Fund represents unspent bond proceeds and premiums earmarked for construction of the District's new Middle School and ongoing District facility improvements.
- At June 30, 2020, the General Fund had \$120,105 in nonspendable fund balance (inventories and prepaids), \$1,500,000 and \$90,881 in restricted fund balance for emergency reserve (TABOR) and the Colorado Preschool carryover funds respectively and one additional restriction in the amount of \$479,513 for Mill Levy Override funds.

Morgan County School District Re-3
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2020

Financial Highlights (continued)

- The General Fund identified assigned fund balances representing budgetary projects in the amount of \$1,350,527 and \$479,513 representing capital projects. The remaining balance of \$5,613,771 is reported as unassigned fund balance.
- Governmental Activities general revenues accounted for \$30,562,646 in revenue or 83% of the total governmental revenues.
- Program specific revenues in the form of charges for services and operating grants and contributions and capital grants accounted for \$6,852,206 or 17% of total revenues of \$39,784,997. The District's food nutrition program was not serving a full complement of meals to students in the spring of 2020 due to the COVID outbreak.

Total revenues were \$13,119,156 lower than expenses, which reflected the decrease in net position from the prior year.

- The District governmental activities had \$52,904,153 in expenses which included approximately \$12 million in additional pension and other postemployment benefits and deferred inflows.
- The District has four governmental major funds - the General Fund, Federal Programs Fund, Bond Redemption Fund and the Building Fund.

At the end of FY 2018-2019, the fund balance of the General Fund was \$9,888,243. Of this total, \$5,613,771 was unassigned.

The Federal Programs Fund balance showed a slight decrease of \$29,876 from the prior year resulting in an ending balance of \$272,741.

The Bond Redemption Fund showed expenditures in excess revenues of \$8,388 for an ending balance of \$2,869,607.

The Building Fund had a ending fund balance of \$1,390,094 representing unexpended bond proceeds and premiums from the February 2015 bond issue.

Morgan County School District Re-3
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2020

Financial Highlights (continued)

The Food Service Fund is the District's only nonmajor governmental fund. The Food Service Fund showed expenditures in excess of revenues of \$286,988 for an ending balance of \$425,188.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

District-Wide Financial Statements

The government-wide financial statements are designed to provide the reader of the District's audited financial statements a broad overview of the financial activities in a manner similar to a private sector business. The government-wide financial statements include the statement of net position and the statement of activities.

The statement of net position presents information about all of the District's assets, deferred outflows of resources and liabilities and deferred inflows of resources. The difference between them is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flow may be recorded in a future period.

The government-wide financial statements include functions of the District that are supported from taxes and intergovernmental revenues (governmental activities). Governmental activities consolidate governmental funds including the General Fund, Building Fund, Debt Service Fund and Special Revenue Funds.

Morgan County School District Re-3
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

District-Wide Financial Statements (continued)

Notes to the financials, which are included just following the basic financial statements, provide more detailed data and explain some of the information in the statements. The supplementary information sections provide further explanations and additional support for the financial statements, including a comparison of the District budget to actual revenues and expenditures for the year. Additional elements of this report include sections on the Single Audit and State Compliance.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where all of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant and facilities, pupil transportation and extracurricular activities.

The district wide financial statements can be found on pages 20-21 of this report.

Fund Financial Statements

- The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. The District has four major funds - the General Fund, Federal Programs Fund, Bond Redemption Fund and the Building Fund.
- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has two kinds of funds:

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

Morgan County School District Re-3
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2020

District-Wide Financial Statements (continued)

Governmental funds: (continued)

Because this information does not encompass the additional long-term focus of the district-wide statements, additional information following the governmental funds statements explains the relationship (or differences) between them.

- *Fiduciary funds:* The District is the agent, or fiduciary, for assets that belong to others, such as the education memorial, scholarship funds and pupil activity funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.
- *Notes to the Basic Financial Statements:* The notes provide additional information that is essential to a full understanding of the data provided in the district wide and fund financial statements. The notes to the financial statements can be found on pages 29-64 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 budget for all funds. A budgetary comparison schedule has been provided for the General Fund and the Federal Programs Fund.

Financial Analysis of the District as a Whole

As stated earlier, that Statement of Net Position and the Statement of Activities provide a financial glimpse of the District as a whole. Table 1 (Net Position Summary) provides a summary of the District net position for fiscal year 2020 as contained in the Statement of Net Position and compares that information to fiscal year 2019.

Morgan County School District Re-3
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2020

Financial Analysis of the District as a Whole (continued)

As the table shows, total net position as of June 30, 2020 were:

Table 1
Condensed Statement of Net Position

	Total Government Wide		Total Dollar Change	Total Percentage Change
	2020	2019	2020-2019	2020-2019
Assets				
Current Assets	\$ 21,759,186	\$ 19,975,779		0.00%
Net Capital Assets	60,371,063	61,166,275	(795,212)	(1.30%)
Total Assets	82,130,249	81,142,054	988,195	1.22%
Total Deferred Outflows of Resources	17,477,546	44,886,268	(27,408,722)	(61.06%)
Liabilities				
Other Liabilities	9,182,546	6,529,029	2,653,517	40.64%
Long-Term Liabilities	74,702,104	81,542,982	(6,840,878)	(8.39%)
Total Liabilities	83,884,650	88,072,011	(4,187,361)	(4.75%)
Total Deferred Inflows of Resources	34,487,361	43,601,371	(9,114,010)	-20.90%
Net Position				
Invested in Capital Assets Net of Related Debt	41,960,069	40,604,409	1,355,660	3.34%
Restricted	5,270,914	5,507,775	(236,861)	-4.30%
Unrestricted	(65,995,199)	(51,757,244)	(14,237,955)	27.51%
Total Net Position	\$ (18,764,216)	\$ (5,645,060)	\$ (13,119,156)	232.40%

Morgan County School District Re-3
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Financial Analysis of the District as a Whole (continued)

Total net position of the District's governmental activities decreased by \$13,119,156 for the fiscal year ended June 30, 2020 which was a \$47,545,145 decrease from the \$34,425,989 surplus experienced in 2018-2019. The majority of the decrease is represented by an increase in the District's net pension and postemployment benefit liabilities and deferred inflows for pensions and postemployment benefits in excess of the deferred outflows for pensions and other postemployment benefits over the same groups of accounts from June 30, 2019

Morgan County School District Re-3
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Financial Analysis of the District as a Whole (continued)

Table 2
Changes in Net Position

	Total Governmental Activities		Total Dollar Change	Total Percentage Change
	2020	2019	2020-2019	2020-2019
Revenues				
Program Revenues				
Charges for Services	\$ 517,358	\$ 636,327	\$ (118,969)	(18.70%)
Operating Grants & Contributions	6,111,277	5,760,925	350,352	6.08%
Capital Grants & Contributions	223,571	2,385,674	(2,162,103)	(90.63%)
General Revenues				
Property Taxes	12,383,314	11,578,325	804,989	6.95%
State Revenue	20,143,527	18,572,489	1,571,038	8.46%
Insurance Proceeds	3,303	5,217	(1,914)	(36.69%)
Miscellaneous	220,947	108,894	112,053	102.90%
Interest Income	181,700	297,721	(116,021)	(38.97%)
Special Item				
Loss on capital asset dispositon			-	100.00%
Total Revenues	39,784,997	39,345,572	439,425	1.12%
Expenses				
Instruction	26,753,918	2,150,784	24,603,134	1143.91%
Supporting Services	23,322,354	925,222	22,397,132	2420.73%
Food Services	2,097,088	1,071,795	1,025,293	95.66%
Interest	730,793	771,782	(40,989)	(5.31%)
Total Expenses	52,904,153	4,919,583	47,984,570	975.38%
Change In Net Position	<u><u>\$ (13,119,156)</u></u>	<u><u>\$ 34,425,989</u></u>	<u><u>\$ (47,545,145)</u></u>	<u><u>(138.11%)</u></u>

Morgan County School District Re-3
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Financial Analysis of the District as a Whole (continued)

Governmental Activities

The Statement of Activities on page 23 shows the cost of program services and the charges for services and grants offsetting those services. Table 3 (Net Cost of Services) extracts information from the Statement of Activities and compares the net cost of services from one year to the next. It identifies the cost (surplus) of those services supported by tax revenue and unrestricted state revenue.

Table 3
Net Cost Of Services

	2020	2019	Total Dollar Change	Total Percent Change
Instruction	\$ (22,918,991)	\$ 1,809,656	\$ (24,728,647)	1366.48%
Support Services	(21,992,930)	2,175,242	(24,168,172)	1111.06%
Food Services	(409,233)	650,227	(1,059,460)	162.94%
Interest on Long-Term Debt	(730,793)	(771,782)	40,989	5.31%
Total Expenses	<u><u>\$ (46,051,947)</u></u>	<u><u>\$ 3,863,343</u></u>	<u><u>\$ (49,915,290)</u></u>	<u><u>1292.02%</u></u>

Changes in Fund Balance 2020 to 2019

The following tables (4 through 9) demonstrate a comparison in the changes in fund balances from the 2018 fiscal year to the current 2019 fiscal year through a side by side combining statement of revenues, expenditures and changes in fund balance. The departments compared compose the Combined General fund which consists of the General, Mill Levy, Daycare, Capital Reserve, Insurance, and Preschool departments. These results are reported on pages 76 and 77.

Morgan County School District Re-3
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Changes in Fund Balance: 2020 to 2019 (continued)

Table 4: General Department

	2020	2019	Total Dollar Change	Total Percent Change
Revenues:				
Property Taxes	\$ 7,467,073	\$ 6,743,496	\$ 723,577	10.73%
Specific Ownership Taxes	1,050,781	1,087,393	(36,612)	-3.37%
Intergovernmental	3,100,461	3,005,110	95,351	3.17%
State Equalization	20,143,527	18,572,489	1,571,038	8.46%
Other	372,566	466,450	(93,884)	-20.13%
Total Revenues	<u>32,134,408</u>	<u>29,874,938</u>	<u>2,259,470</u>	<u>7.56%</u>
Expenditures:				
Salaries	19,170,825	16,829,141	2,341,684	13.91%
Benefits	7,175,974	7,034,179	141,795	2.02%
Purchased Services	2,107,949	1,560,654	547,295	35.07%
Supplies/Materials	1,337,862	1,424,521	(86,659)	(6.08%)
Capital Outlay	309,490	598,772	(289,282)	(48.31%)
Other (net of indirect cost reimbursement)	(10,208)	(52,432)	42,224	(80.53%)
Total Expenditures	<u>30,091,892</u>	<u>27,394,835</u>	<u>2,697,057</u>	<u>9.85%</u>
Excess of Revenues over Expenditures	2,042,516	2,480,103	(437,587)	(17.64%)
Allocations and Transfers	<u>(2,379,226)</u>	<u>(2,368,850)</u>	<u>(10,376)</u>	<u>0.44%</u>
Net Change in Fund Balances	<u><u>\$ (336,710)</u></u>	<u><u>\$ 111,253</u></u>	<u><u>\$ (447,963)</u></u>	<u><u>(402.65%)</u></u>

Morgan County School District Re-3
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Changes in Fund Balance: 2020 to 2019 (continued)

Table 5: Mill Levy Department

	2020	2019	Total Dollar Change	Total Percent Change
Revenues:				
Property Taxes	\$ 541,009	\$ 548,279	\$ (7,270)	(1.33%)
Other	6,160	11,765	(5,605)	(47.64%)
Total Revenues	<u>547,169</u>	<u>560,044</u>	<u>(12,875)</u>	<u>(2.30%)</u>
Expenditures:				
Instruction & Supporting Services	519,023	411,741	107,282	26.06%
Capital Outlay	62,076	29,031	33,045	113.83%
Total Expenditures	<u>581,099</u>	<u>440,772</u>	<u>140,327</u>	<u>31.84%</u>
Net Change in Fund Balances	<u>\$ (33,930)</u>	<u>\$ 119,272</u>	<u>\$ (153,202)</u>	<u>(128.45%)</u>

Table 6: Daycare Department

	2020	2019	Total Dollar Change	Total Percent Change
Revenues:				
Local Sources	\$ 174,111	\$ 198,849	\$ (24,738)	(12.44%)
Other	30,357	18,012	12,345	68.54%
Total Revenues	<u>204,468</u>	<u>216,861</u>	<u>(12,393)</u>	<u>(5.71%)</u>
Expenditures:				
Supporting Services	<u>208,556</u>	<u>155,440</u>	<u>53,116</u>	<u>34.17%</u>
Net Change in Fund Balances	<u>\$ (4,088)</u>	<u>\$ 61,421</u>	<u>\$ (65,509)</u>	<u>(106.66%)</u>

Morgan County School District Re-3
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Changes in Fund Balance: 2020 to 2019 (continued)

Table 7: Capital Reserve Department

	2020	2019	Dollar Change	Percent Change
Revenues:				
Intergovernmental	\$ 81,403	\$ 79,695	\$ 1,708	2.14%
Other	23	34	(11)	(32.35%)
Total Revenues	81,426	79,729	1,697	2.13%
Expenditures:				
Instruction	444		444	#DIV/0!
Supporting Services	16,904	29,635	(12,731)	(42.96%)
Noncapital Outlay	53,794	150,558	(96,764)	(64.27%)
Capital Outlay	770,220	1,700,096	(929,876)	(54.70%)
Total Expenditures	841,362	1,880,289	(1,038,927)	(55.25%)
Excess of Expenditures over Revenues	(759,936)	(1,800,560)	1,040,624	(57.79%)
Allocations and Transfers	868,332	1,053,317	(184,985)	-17.56%
Net Change in Fund Balances	\$ 108,396	\$ (747,243)	\$ 855,639	(114.51%)

Table 8: Insurance Department

	2020	2019	Dollar Change	Percent Change
Revenues:				
Other Revenue	\$ 30,665	\$ 2,948	\$ 27,717	100.00%
Investment Earnings	513	748	(235)	-31.42%
Total Revenues	31,178	3,696	27,482	743.56%
Expenditures:				
Supporting Services	806,913	553,534	253,379	45.77%
Capital Outlay		281,483	(281,483)	100.00%
Total Expenditures	806,913	835,017	(28,104)	(3.37%)
Excess of Revenues over Expenditures	(775,735)	(831,321)	55,586	(6.69%)
Other Financing Sources				
Insurance Proceeds	3,303	5,217	(1,914)	(36.69%)
Allocations and Transfers	775,000	775,000	-	0.00%
Total Other Financing Sources	778,303	780,217	(1,914)	(0.25%)
Net Change in Fund Balances	\$ 2,568	\$ (51,104)	\$ 53,672	(105.03%)

Morgan County School District Re-3
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Changes in Fund Balance: 2020 to 2019 (continued)

Table 9: Preschool Department

	<u>2020</u>	<u>2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues:				
Interest Income	\$ 79	\$ 51	\$ 28	54.90%
Local Sources	2,880	-	2,880	
Total Revenues	<u>2,959</u>	<u>51</u>	<u>2,908</u>	<u>5701.96%</u>
Expenditures:				
Instruction	474,765	395,455	79,310	20.06%
Supporting Services	27,964	28,825	(861)	(2.99%)
Capital Outlay	47,294	23,055	24,239	105.14%
Total Expenditures	<u>550,023</u>	<u>447,335</u>	<u>102,688</u>	<u>22.96%</u>
Excess of Expenditures over Revenues	(547,064)	(447,284)	(99,780)	22.31%
Allocations and Transfers	<u>602,916</u>	<u>482,313</u>	<u>120,603</u>	<u>25.01%</u>
Net Change in Fund Balances	<u><u>\$ 55,852</u></u>	<u><u>\$ 35,029</u></u>	<u><u>\$ 20,823</u></u>	<u><u>59.45%</u></u>

The overall change in the six departments of the General Fund was a \$207,912 decrease in fund balance. The General Department (Table 4) reflected an increase in total program funding which consisted of a \$1,571,038 increase in state equalization and a \$686,965 increase in property and specific ownership tax. Intergovernmental revenue reflected an increase of \$95,351. The increased funding and a planned reduction in Fund Balance carry over provided the resources to cover the \$2,387,219 in additional General Fund expenditures, allocations and transfers. The increased expenditures also included a longevity bonus program that was implemented in 2019-2020 that included a retroactive payment for prior years of service for eligible employees.

Morgan County School District Re-3
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The Preschool Department (Table 9) reflected a reduction in instructional salaries and related benefits attributable to the decreased FTE salary allocated to the Program. That decrease directly correlates to the decreased number of preschool students enrolled under the CPP program and a corresponding decrease in the CPP students due to space limitations at the Sherman Early Childhood Center prior to the termination of the District as grantee for the Head Start Program.

Financial Analysis of the District's Funds

Table 10
Governmental Fund Balances

	2020	2019	Dollar Change	Percent Change
General	\$ 9,888,243	\$ 10,096,155	\$ (207,912)	(2.06%)
Federal Programs	272,741	302,617	(29,876)	(9.87%)
Bond Redemption	2,869,607	2,877,995	(8,388)	(0.29%)
Building Fund	1,390,094	1,614,306	(224,212)	(13.89%)
Food Services Fund	425,188	712,176	(286,988)	(40.30%)
Total	<u>\$ 14,845,873</u>	<u>\$ 15,603,249</u>	<u>\$ (757,376)</u>	<u>(4.85%)</u>

The material change from above was generated from the Building Fund and the Food Services Fund with fund balance decreases of \$512,200.

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a modified accrual basis. The most significant budgeted fund is the General Fund.

The District's General Fund 2019-2020 revenue was \$416,016 higher than the final budgeted projections excluding inter-department allocations. Total General Fund actual expenditures were \$1,974,849 less than the final budgeted expenditures. The budgeted savings were mainly accounted for in the Mill Levy Maintenance Fund and Capital Reserve Fund from capital replacements not expended in 2019-2020.

Morgan County School District Re-3
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Financial Analysis of the District's Funds

Of the total expenditures, Instructional expenditures were 2.73% (\$529,417) lower than the final budget. Budgeted salary and benefits are estimated at full employment and actual salary and benefits reflects the changes in employment throughout the year which normally results in salary savings. The District incurred actual benefit costs lower than the final budget amounts by \$529,417.

Supporting Services had a budget savings which amounted to \$1,445,432. The majority of those savings were in the other support category where the capital expenditures in the Mill Levy and Capital Reserve Departments were approximately \$1,141,364 less than the final budgeted amount which represents the earmarking of capital projects not completed during the year. The operations and maintenance department contributed an additional \$148,206 in savings compared to the final budget.

71.21% of the District's total program funding comes from State equalization funding (\$20,143,527), which is a \$1,571,038 increase from 2019-2020.

Capital Assets and Debt Administration

Table 11
Capital Assets at June 30
Net of Depreciation

	Governmental Activities 2020	Governmental Activities 2019
Land	\$ 322,557	\$ 322,557
Construction in Progress	74,116	595,517
Buildings and improvements	89,877,664	88,156,309
Furniture and equipment	5,596,564	5,289,665
Vehicles	3,649,225	3,245,687
Total	99,520,126	97,609,735
Less accumulated depreciation	(39,149,063)	(36,443,460)
Totals	<u>\$ 60,371,063</u>	<u>\$ 61,166,275</u>

Morgan County School District Re-3
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Capital Assets and Debt Administration (continued)

The District added \$2,431,792 in capital assets in 2019-2020 which included \$587,798 of construction in process at June 30, 2019 that was completed in 2019-2020.

Long-Term Debt

At June 30, 2020 the District had \$23,410,225 in long-term debt obligations. The bulk of this total is debt service on general obligation bonds issued by the District to finance its construction and modernization projects on District buildings.

The remaining \$414,069 in long-term obligations includes compensated absences recorded by the District at year end which was a \$8,753 reduction from the prior year. The District entered into a \$3,000,000 capital lease in 20129-2020 to repay the Department of Health and Human Services .for its interest in the Head Start wing addition constructed in 2018-2019.

A summary of the District's long-term debt is as follows:

	Table 12 Long-Term Debt <u>Year End</u>			
	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>Percent Change</u>
General Obligation Bonds	\$ 18,060,000	\$ 20,315,000	\$ (2,255,000)	(11.10%)
Capital Lease Obligation	3,000,000	-	3,000,000	
Bond Premium	1,936,156	2,197,696	(261,540)	(11.90%)
Compensated Absences	414,069	422,822	(8,753)	(2.07%)
Total	<u>\$ 23,410,225</u>	<u>\$ 22,935,518</u>	<u>\$ 474,707</u>	<u>2.07%</u>

Further information for capital assets and long-term debt is available in notes 7, 8 and 9 in the financial statements.

Morgan County School District Re-3
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2020

Factors Bearing on the District's Future

The Colorado Department of Education has made preliminary projections that there will be some incremental funding for 2020-2021 compared to 2019-2020 including allocations from the Federal CARES Act to mitigate the costs the District incurred relative to the COVID virus.

The District's contribution to the PERA retirement plan will be 20.9% for 2020-2021. Future increases are tied to the ongoing funding status of the retirement plan. The District is planning a moderate premium for its health insurance coverage for 2020-2021. The District received a \$58,000 premium increase for its property and casualty insurance for 2019-2020 year and it is anticipated that there will be a \$44,000 increase for 2020-2021.

With level or minimal funding increases from the State and rising costs, the District will continue to address cost containments to ensure that the District maintains adequate General Fund reserves.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, parents, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Morgan County School District Re-3, 715 West Platte Ave., Fort Morgan, CO 80701.

Morgan County School District Re-3
Statement of Net Position
June 30, 2020

	Governmental Activities
ASSETS	
Cash and Investments	\$15,658,859
Restricted Investments	4,146,109
Receivable from Treasurer	602,938
Property Tax Receivable	714,741
Accounts Receivable	123,098
Intergovernmental Receivable	309,120
Internal Balances	-
Prepaid Expenses	85,710
Inventory	118,611
Capital Assets	
Land	322,557
Construction In Progress	74,116
Other Capital Assets - Net of Accumulated Depreciation	59,974,390
Total Assets	82,130,249
Deferred Outflows of Resources	
Deferred Loss on Refunding Bonds	105,559
Other Postemployment Benefit Related Amounts	345,162
Pensions, Net of Accumulated Amortization	17,026,825
Total Deferred Outflows of Resources	17,477,546
LIABILITIES	
Accounts Payable	318,715
Due to Other Governments	327
Accrued Salaries and Benefits	2,999,296
Hospital Escrow	17,000
Accrued Interest Payable	77,054
Internal Balances	10,991
Insurance Escrow	89,038
Unearned Revenue	3,045,141
Noncurrent Liabilities	
Due Within One Year	2,624,984
Due in More Than One Year	20,785,241
Net Pension Liability	51,390,954
Other Postemployment Benefit Related Amounts	2,525,909
Total Liabilities	83,884,650
Deferred Inflows of Resources	
Other Postemployment Benefit Related Amounts	466,609
Pensions, Net of Accumulated Amortization	34,020,752
Total Deferred Inflows of Resources	34,487,361
NET POSITION	
Net Investment in Capital Assets	41,960,069
Restricted for	
Emergency Reserve (TABOR)	1,500,000
Mill Levy - Capital and Maintenance	754,128
Debt Service	2,925,905
Preschool	90,881
Unrestricted (Deficit)	(65,995,199)
Total Net Position (Deficit)	(\$18,764,216)

Morgan County School District Re-3
Statement of Activities
For the Fiscal Year Ended June 30, 2020

	PROGRAM REVENUES				NET (EXPENSE)
					REVENUE
					AND CHANGES IN
					NET POSITION
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
FUNCTIONS/PROGRAMS					
PRIMARY GOVERNMENT					
Governmental Activities					
Instruction	\$ 26,753,918	\$ 7,409	\$ 3,827,518		\$ (22,918,991)
Supporting Services	23,322,354	284,617	821,236	223,571	(21,992,930)
Food Services	2,097,088	225,332	1,462,523		(409,233)
Interest on Long-Term Debt	730,793				(730,793)
Total Governmental Activities	<u>\$ 52,904,153</u>	<u>\$ 517,358</u>	<u>\$ 6,111,277</u>	<u>\$ 223,571</u>	<u>(46,051,947)</u>
GENERAL REVENUES					
Property and Specific Ownership Taxes					12,383,314
State Equalization					20,143,527
Insurance Proceeds					3,303
Miscellaneous					220,947
Interest Income					181,700
TOTAL GENERAL REVENUES					<u>32,932,791</u>
CHANGE IN NET POSITION					(13,119,156)
NET POSITION - BEGINNING OF YEAR (DEFICIT)					<u>(5,645,060)</u>
NET POSITION - END OF YEAR (DEFICIT)					<u>\$ (18,764,216)</u>

Morgan County School District Re-3
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Federal Programs Fund	Bond Redemption Fund	Building Fund
ASSETS				
Cash and Investments	\$ 14,121,429	\$ 1,071,976		
Restricted Investments			\$ 2,666,506	\$ 1,479,603
Receivable from Treasurer	455,195		147,743	
Property and S.O. Tax Receivable	536,312		178,429	
Accounts Receivable	120,865	300		
Intergovernmental Receivables	1,330	197,070		
Interfund Receivable	487,895	139,166	2,806	41,240
Prepaid Expenditures	37,591			47,324
Inventory	83,350			
Total Assets	<u>\$ 15,843,967</u>	<u>\$ 1,408,512</u>	<u>\$ 2,995,484</u>	<u>\$ 1,568,167</u>
Liabilities:				
Accounts Payable	\$ 293,156	\$ 928		
Hospital Escrow	17,000			
Accrued Salaries and Benefits	2,844,536	134,252		
Due to Other Governments		327		
Interfund Payables	197,248	251,978		\$ 89,036
Unearned Revenue	2,296,855	748,286		
Insurance Escrow				89,038
Total Liabilities	<u>5,648,795</u>	<u>1,135,771</u>	<u>-</u>	<u>178,074</u>
Deferred Inflows of Resources				
Taxes	306,929		\$ 125,877	
Total Deferred Inflows of Resources	<u>306,929</u>	<u>-</u>	<u>125,877</u>	<u>-</u>
Fund Balances:				
Nonspendable				
Prepaid Expenditures	36,755			
Inventory	83,350			
Restricted				
Emergency Reserve (TABOR)	1,500,000			
Capital Construction				1,390,094
Mill Levy - Capital and Maintenance	733,446			
Debt Service			2,869,607	
Preschool	90,881			
Assigned				
Subsequent Year's Budget	1,350,527			
Food Service				
Capital Projects/Replacements	479,513			
District Grant Funding Set Aside		272,741		
Unassigned	5,613,771			
Total Fund Balances	<u>9,888,243</u>	<u>272,741</u>	<u>2,869,607</u>	<u>1,390,094</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 15,843,967</u>	<u>\$ 1,408,512</u>	<u>\$ 2,995,484</u>	<u>\$ 1,568,168</u>

Amounts reported for governmental activities in the statement of net position are different

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Certain long-term assets, including property taxes and grants receivable, are not available to pay current year expenditures and, therefore, are deferred in the funds.

Long-term liabilities and related items including bonds payable (\$18,060,000), capital lease obligation (\$3,000,000) bond premium (\$1,936,156), accrued interest payable (\$77,054), deferred loss on bond refunding \$105,559, compensated absences (\$414,070), net pension liability (\$51,390,954), other postemployment benefit liabilities (\$2,525,909), pension-related deferred outflows of resources \$17,026,825, other postemployment benefit deferred outflows of resources \$345,162, pension-related deferred inflows of resources (\$34,020,752), other postemployment deferred inflows of resources (\$466,609) are not due and payable in the current period and therefore are not reported in the funds.

Total Net position of governmental activities

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

Nonmajor Food Service Fund	Total Governmental Funds
\$ 465,454	\$ 15,658,859
	4,146,109
	602,938
	714,741
1,933	123,098
110,720	309,120
738	671,845
795	85,710
35,261	118,611
<u>\$ 614,901</u>	<u>\$ 22,431,031</u>

\$ 24,631	\$ 318,715
	17,000
20,508	2,999,296
	327
144,574	682,836
	3,045,141
	89,038
<u>189,713</u>	<u>7,152,353</u>

	432,806
<u>-</u>	<u>432,806</u>

795	37,550
35,261	118,611
	1,500,000
	1,390,094
	733,446
	2,869,607
	90,881
2,077	1,352,604
387,055	387,055
	479,513
	272,741
	5,613,771
<u>425,188</u>	<u>14,845,873</u>

\$ 614,901

60,371,063

432,806

(94,413,958)

\$ (18,764,216)

Morgan County School District Re-3
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	<u>General</u>	<u>Federal Programs Fund</u>	<u>Bond Redemption Fund</u>	<u>Building Fund</u>
Revenues:				
Property Taxes	\$ 8,008,082		\$ 3,127,323	
Specific Ownership Taxes	1,050,781			
Intergovernmental	3,207,053	\$ 1,408,348		
State Equalization	20,143,527			
Interest Income	142,473	5,104		\$ 30,386
Other	17,835		27	3,047
Local Sources	431,857	285,451		
Total Revenues	<u>33,001,608</u>	<u>1,698,903</u>	<u>3,127,350</u>	<u>33,433</u>
Expenditures:				
Current				
Instruction	18,796,119	647,603		
Supporting Services	12,997,980	1,123,372	3,750	2,537,229
Food Services				
Debt Service				
Principal			2,255,000	
Interest	40,365		876,988	
Non Capital Outlay	216,261	81,109		
Capital Outlay	1,029,120	9,673		720,416
Total Expenditures	<u>33,079,845</u>	<u>1,861,757</u>	<u>3,135,738</u>	<u>3,257,645</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(78,237)</u>	<u>(162,854)</u>	<u>(8,388)</u>	<u>(3,224,212)</u>
Other Financing Sources (Uses):				
Insurance Proceeds	3,303			
Capital Lease Proceeds				3,000,000
Transfers In		132,978		
Transfers Out	<u>(132,978)</u>			
Total Other Financing Sources (Uses)	<u>(129,675)</u>	<u>132,978</u>	<u>-</u>	<u>3,000,000</u>
Net Change in Fund Balances	(207,912)	(29,876)	(8,388)	(224,212)
Fund Balances - Beginning of the Year	<u>10,096,155</u>	<u>302,617</u>	<u>2,877,995</u>	<u>1,614,306</u>
Fund Balances - End of the Year	<u>\$ 9,888,243</u>	<u>\$ 272,741</u>	<u>\$ 2,869,607</u>	<u>\$ 1,390,094</u>

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

Nonmajor Food Service Fund	Total Governmental Funds
	\$ 11,135,405
	1,050,781
\$ 1,443,546	6,058,947
	20,143,527
3,737	181,700
50,658	71,567
225,332	942,640
<u>1,723,273</u>	<u>39,584,567</u>
	19,443,722
	16,662,331
1,854,500	1,854,500
	2,255,000
	917,353
4,579	301,949
151,182	1,910,391
<u>2,010,261</u>	<u>43,345,246</u>
<u>(286,988)</u>	<u>(3,760,679)</u>
	3,303
	3,000,000
	132,978
	<u>(132,978)</u>
-	<u>3,003,303</u>
(286,988)	(757,376)
712,176	15,603,249
<u>\$ 425,188</u>	<u>\$ 14,845,873</u>

Morgan County School District Re-3
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Fiscal Year Ended June 30, 2020

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

Net Change in Fund Balances of Governmental Funds.	\$	(757,376)
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs capitalized in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. In addition, the net gain or loss resulting from the sale or disposal of assets is reflected as income or expenses in the statement of activities but that gain or loss is not recorded on the governmental fund financial statements. Further, the proceeds from the sale of those same capital assets are recorded as revenues in the fund statements but not in the statement of activities.

Depreciation expense	\$ (2,705,603)	
Net capital outlays	1,910,391	(795,212)

Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items as follows:

Amortization of bond premium	261,540	
Amortization of deferred loss on refunding bonds	(74,511)	187,029

Governmental funds report capital lease proceeds as other financing resources. Repayments of bond principal and repayments of other long-term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not effect the statement of activities. The following summarizes the District's bond and other long-term debt transactions for the fiscal year:

Proceeds from the issuance of capital lease obligation		(3,000,000)
Repayment of bond principal		2,255,000

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This amount represents the change in accrued interest payable.

(470)

In the statement of activities, certain operating expenses - compensated absences (sick leave), net pension liability and OPEB, and deferred inflows and outflows are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). These amounts represent the net effect of compensated absences payable, pension and OPEB liability and related deferred inflows and outflows reported on the statement of activities.

Compensated absences	8,753	
Change in the net pension liability	6,634,082	
Change in the net other postemployment benefit liability	372,111	
Change in pension related deferred outflows	(27,434,556)	
Change in other postemployment benefit related deferred outflows	100,345	
Change in pension related deferred inflows	9,576,208	
Change in other postemployment benefit related deferred inflows	(462,198)	(11,205,255)

Some revenues reported in the statement of activities do not provide current financial resources, and are therefore deferred in governmental funds.

Change in deferred property taxes		197,128
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Change in net position of governmental activities.	\$	(13,119,156)
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The accompanying notes are an integral part of the basic financial statements.

Morgan County School District Re-3
Statement of Fiduciary Net Position
June 30, 2020

	Private-Purpose Trust Fund	Agency Funds
	<hr/>	<hr/>
ASSETS		
Cash and Investments	\$ 139,960	\$ 669,892
Prepaid Expenses		2,215
Interfund Receivable		10,991
Accounts Receivable	-	433
	<hr/>	<hr/>
Total Assets	139,960	<u><u>\$ 683,531</u></u>
	<hr/>	<hr/>
LIABILITIES		
Due To Student/Community Organizations		\$ 442,384
Funds Held for Others		236,682
Accounts Payable		4,465
	<hr/>	<hr/>
Total Liabilities	-	<u><u>\$ 683,531</u></u>
	<hr/>	<hr/>
NET POSITION		
Held in Trust for Scholarships/Students	51,838	
Held in Trust for Endowments	88,122	
	<hr/>	
Total Net Position	<u><u>\$ 139,960</u></u>	

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

Morgan County School District Re-3
Statement of Changes in
Fiduciary Net Position
For the Fiscal Year Ended June 30, 2020

	Private-Purpose Trust Fund
Additions:	
Contributions and Donations	\$ 203,800
Interest Income	851
Total Additions	204,651
Deductions:	
Scholarship Awards	182,550
Change in Net Position	22,101
Net Position - Beginning of the Year	117,859
Net Position - End of the Year	\$ 139,960

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (1) Summary of Significant Accounting Policies

The financial statements of Morgan County School District Re-3 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant District accounting policies are described below.

(A) Reporting Entity

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

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

(B) Fund Accounting

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

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (1) Summary of Significant Accounting Policies (continued)

(B) Fund Accounting (continued)

Funds are classified into two categories: Governmental and Fiduciary. Each category, in turn, is divided into separate “fund types.”

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

General Fund – The General Fund is the District’s general operating fund and is used to account for all financial transactions except those accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes, and State of Colorado equalization funding, as determined by the School Finance Act of 1994, as amended. Primary expenditures are for instruction and supporting services (including students, instructional staff, general and school administration, operations and maintenance, student transportation, business supporting services and central supporting services).

Federal Programs Fund – This fund maintains a separate accounting for programs funded by federal, state and local grants.

Bond Redemption Fund – The District has one debt service fund, the Bond Redemption Fund. This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The fund’s primary revenue source is local property taxes levied specifically for debt service.

Building Fund – This fund was created to account for the proceeds from the District’s voter approved 2014 and 2015 bond issues and the related construction expenditures for major infrastructure improvements at three of the District’s elementary schools, secure access improvements at all District schools and the construction of a new Middle School.

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (1) Summary of Significant Accounting Policies (continued)

(B) Fund Accounting (continued)

Fiduciary Funds – Fiduciary fund reporting focuses on net position and changes in net position. These funds account for resources received and held by the District in a fiduciary capacity. The funds included in this category are:

Private-Purpose Trust Fund

This fund accounts for resources held by the District that can be expended as outlined in the original documents creating the Fund. The Fund expenses are used for student scholarships.

Agency Funds

The Agency Fund is custodial in nature and does not present results of operations or a measurement focus. Agency Funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity. The High School Student Activity Fund and the District's Student Activity Fund are reported in the Agency Fund.

(C) Basis of Presentation

District-wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government except for fiduciary funds that are fiduciary in nature. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities are normally supported by taxes and intergovernmental revenues.

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

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (1) Summary of Significant Accounting Policies (continued)

(C) Basis of Presentation (continued)

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position and the Statement of Activities have been eliminated.

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

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

Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (1) Summary of Significant Accounting Policies (continued)

(C) Basis of Presentation (continued)

Trust funds are reported using the economic resources measurement focus. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

(D) Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end except for federal and state grants for which a one hundred fifty day period is used.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from Property Taxes are recognized in the fiscal year for which the taxes are levied. See Note 3. State equalization monies are recognized as revenues during the period in which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (1) Summary of Significant Accounting Policies (continued)

(D) Basis of Accounting (continued)

On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Unearned Revenue - Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant money is received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported as an expense/expenditure with a like amount reported as donated commodities revenue.

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

(E) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly actual results could differ from those estimates.

(F) Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are as interfund receivables or interfund payables on the fund financial statements.

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (1) Summary of Significant Accounting Policies (continued)

(F) Interfund Receivables/Payables

Any residual balances outstanding between the governmental activities and fiduciary funds are reported in the district-wide financial statements as internal balances.

(G) Inventories

Food Services Fund purchased inventories are stated at cost as determined by the first-in, first-out (FIFO) method. Commodity inventories are stated at the USDA's assigned values, which approximate fair value, at the date of receipt. Expenditures for food items are recorded when used. The federal government donates surplus commodities to supplement the National School Lunch Program. Commodity contributions used by the District are recorded as revenues at the date of their consumption. Inventory in the General Fund, valued at cost as determined by the first-in, first-out (FIFO) method, consists of expendable supplies held for consumption.

(H) Capital Assets

Capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at the acquisition value on the date received. The District maintains a capitalization threshold of five thousand dollars (\$5,000). The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Interest accrued during construction is not capitalized in governmental funds.

All reported capital assets are depreciated (excluding land, water rights and construction in progress). Improvements are depreciated over the remaining useful lives of the related capital assets.

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (1) Summary of Significant Accounting Policies (continued)

(H) Capital Assets (continued)

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and Improvements	7-50 Years
Furniture and Equipment	5-20 Years
Vehicles	8 years

(I) Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements.

However, claims and judgments that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

(J) Bond Premiums and Issuance Costs

In the government-wide financial statements, bond premiums are amortized over the life of the bonds using the straight line method. Bond issuance costs are reported as current expenses. Losses from bond refunding are deferred and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

Premiums on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (1) **Summary of Significant Accounting Policies (continued)**

(K) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District reports the deferred loss on refunding in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The other deferred outflows are shown as pension and other post-employment benefit (OPEB) related amounts and includes items related to the District's portion of the Colorado Public Employees Retirement Association (PERA) benefit plans. This includes the difference between expected and actual experience, any changes of assumptions or other inputs, and the net difference between projected and actual investment earnings on pension and OPEB plan investments.

In addition to liabilities, the statement of financial position and balance sheet 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 two types of items (property taxes and grants and pension and OPEB related inflows) reported in this category. Accordingly, deferred inflows of resources are reported in the governmental funds balance sheet for property taxes and grants not as available as current financial resources.

These deferred inflows result from the difference between expected and actual experience, the changes of assumptions of other inputs, and the net difference between projected and actual investment earnings on pension and OPEB plan investments.

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (1) Summary of Significant Accounting Policies (continued)

(L) Pensions and Postemployment Benefits
Other Than Pensions (OPEB)

Pensions

The District participates in the School Division Trust Fund (SDTF), 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 and deductions from the SDTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the SDTF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees.

Other Postemployment Benefits (OPEB)

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position, and additions to and deductions from the HCTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees.

(M) Fund Balances

Fund balances are reported in classifications based on the extent to which the District is bound to honor constraints for the specific purposes on which amount in the fund can be spent. Fund balances are classified into one of five categories: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance represents assets that will never be converted to cash. Restricted fund balances reflect resources that are subject to externally enforceable legal restrictions.

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (1) Summary of Significant Accounting Policies (continued)

(M) Fund Balances (continued)

The Board of Education, the Superintendent and the Chief Financial Officer have the authority given to them by Board resolution to assign amounts for specific purposes. Assigned fund balance displays the District's intended use of these resources. Unassigned fund balance for the general fund represents the net resources in excess of the prior classifications. It is the District's intent to use restricted amounts first then committed, assigned and unassigned fund balances sequentially.

(N) Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are constraints imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

(O) Inter fund Transactions

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

(P) Compensated Absences

Leave for District employees includes both vacation and sick leave. Leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon termination, employees are paid full value for any accrued vacation leave not to exceed 40 days of entitlement as set forth by the agreements. Sick leave is paid to employees who have accumulated sick leave and who have been with the District for more than 20 years or 9 years for Administrators at a rate determined by agreement.

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (1) **Summary of Significant Accounting Policies (continued)**

(P) Compensated Absences (continued)

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

NOTE (2) **Cash and Investments**

(A) Cash and Deposits

Custodial Credit Risk – Deposits Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. However, the Colorado State statutes govern the District's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulations to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name.

The market value of the assets in the pool must be at least equal to 102% of the uninsured deposits. At June 30, 2020, the District had bank deposits of \$4,532,168 collateralized with securities held by the financial institutions agents but not in the District's name.

(B) Investments

Interest Rate Risk The District has an investment goal that limits investment maturities to five years or less, as a means of managing its exposure to fair value loss resulting from increasing interest rates. The Colorado revised statutes also limit investment maturities to five years or less. All investments are carried at fair value. The District's Policy on investments lists the following objectives:

- Safety of Funds
- Funds are available when needed
- Earn a market rate
- Invest according to state law
- Invest locally if possible

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (2) Cash and Investments (continued)

(B) Investments (continued)

Credit Risk Colorado State Statutes authorize the District to invest in obligations of the U. S. Treasury and its agencies. In addition, the District can invest in obligation of instrumentalities, commercial paper, repurchase agreements, money market funds and local government investment pools with specific ratings.

State law further limits investments in money market funds to those institutions with over \$1 billion in assets or the highest credit rating from one or more of a nationally recognized rating agency. The COLOTRUST investment is rated AAAM by Standard and Poor's. CSAFE investment is rated AAAM by Standard and Poor's. The Federated Government Obligation Money Market Fund is rated AAAM by Standard and Poor's.

Local government investment pools include the Colorado Local Government Liquid Asset Trust (COLOTRUST) and the Colorado Surplus Asset Fund Trust (CSAFE). The pools operate in conformity with the Securities and Exchange Commission's Rule 2a7, with each share valued at \$1.00. COLOTRUST and CSAFE are regulated by the State of Colorado, Department of Regulatory Agencies, Division of Securities, which establishes policies for and reviews the operation of local government investment pools in the state.

Fair Value Measurements - At June 30, 2020, the District's investments in the local government investment pools and money market fund were reported at the net asset value per share.

The District invested in COLOTRUST and CSAFE throughout the fiscal year. At June 30, 2020, the District had the following investments:

<u>Investments</u>	<u>Maturities</u>	<u>Total</u>
COLOTRUST	Less than one year	\$ 10,030,413
CSAFE	Less than one year	3,505,819
Federated Government Obligation Money Market Fund	Less than one year	2,666,506
Total		<u><u>\$ 16,202,738</u></u>

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (2) Cash and Investments (continued)

(B) Investments (continued)

The cash held in the money market account (\$2,804,900) is required to be used for the payment of long term Debt (see Note 8) and \$1,745,060 held in CSAFE is required to be used for capital construction. In addition, the District has \$130,457 on deposit with the Colorado Department of Education Capital Construction Division that is to be used for the ongoing construction of the new Middle School.

The following is a summary of the cash and investments held in each individual fund:

	Investments	Cash	Total Cash & Investments
Combined General Fund			
General Department	\$ 10,931,511	\$ 1,363,755	\$ 12,295,266
Mill Levy Department	211,848	508,281	720,129
Daycare Department	8,072	164,906	172,978
Capital Reserve Department	1,501	429,546	431,047
Insurance Department	32,980	368,287	401,267
Colorado Preschool Department	1,207	99,535	100,742
Total Combined General Fund	<u>11,187,119</u>	<u>2,934,310</u>	<u>14,121,429</u>
Federal Programs Fund	672,910	399,066	1,071,976
Bond Redemption Fund	2,666,506		2,666,506
Building Fund	1,479,603		1,479,603
Food Services Fund	110,066	355,388	465,454
Private Purpose Trust Fund		139,960	139,960
Agency Fund	86,534	583,358	669,892
Total Cash and Investments	16,202,738	4,412,082	20,614,820
Less Cash Held By Third Parties			
General Fund Department			
BEST Health Trust (See Note 14)		(500,000)	(500,000)
Total Cash and Investments			
Held By District	<u>\$ 16,202,738</u>	<u>\$ 3,912,082</u>	<u>\$ 20,114,820</u>

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (3) Property Taxes

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

NOTE (4) Interfund Balances and Transactions

The District reports interfund balances between many of its funds. These balances result from a time lag between the dates interfund goods and services are provided or reimbursable expenditures occur and payments between funds occur. On the fund financial statements, interfund receivables and payables as of June 30, 2020 consist of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund		
General Fund Department	\$ 426,223	\$ 194,600
Mill Levy Maintenance	1,251	291
Daycare		750
Capital Reserve	20,773	
Colorado Preschool Department	39,648	1,607
Total General Fund	<u>487,895</u>	<u>197,248</u>
Federal Programs Fund	139,166	251,978
Bond Redemption Fund	2,806	-
Building Fund	41,240	89,036
Food Service Fund	738	144,574
Total Governmental Funds	<u>671,845</u>	<u>682,836</u>
Pupil Activity Fund	10,991	-
Total	<u>\$ 682,836</u>	<u>\$ 682,836</u>

Any residual balances outstanding between the governmental activities and fiduciary funds are reported in the district-wide financial statements as internal balances.

The interfund transfers for the fiscal year ended June 30, 2020 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds:</u>		
General Fund		\$ 132,978
Federal Programs	\$ 132,978	

The General Fund transferred funds to the Federal Programs Fund for the benefit of the Gifted and Talented Program and the Teen Parent Center Program.

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (5) Capital Assets

For the year ended June 30, 2020, the District charged \$2,153,425 and \$488,159 in depreciation expense to Instruction and Supporting Services respectively.

Activity of depreciated capital assets for the fiscal year ended June 30, 2020, is as follows:

Governmental Activities

	Balance 6/30/2019	Additions	Deletions	Balance 6/30/2020
Non-depreciable capital assets:				
Land and Water Rights	\$ 322,557	\$ -	\$ -	\$ 322,557
Construction in Progress	595,517	66,397	(587,798)	74,116
Total Non-depreciable Assets	918,074	66,397	(587,798)	396,673
Capital Assets Being Depreciated				
Buildings and improvements	88,156,309	1,721,355	-	89,877,664
Furniture and Equipment	5,289,665	306,899	-	5,596,564
Vehicles	3,245,687	403,538	-	3,649,225
Total Capital Assets Being Depreciated	96,691,661	2,431,792	-	99,123,453
Less accumulated depreciation for:				
Buildings and improvements	(30,214,837)	(2,269,064)	-	(32,483,901)
Furniture and Equipment	(3,349,185)	(302,194)	-	(3,651,379)
Vehicles	(2,879,438)	(134,345)	-	(3,013,783)
Total Accumulated Depreciation	(36,443,460)	(2,705,603)	-	(39,149,063)
Total Capital Assets Being Depreciated	60,248,201	(273,811)	-	59,974,390
Net Capital Assets Governmental Activities	\$ 61,166,275	\$ (207,414)	\$ (587,798)	\$ 60,371,063

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (6) Accrued Salaries and Benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately ten months. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements

At June 30, 2020, accrued salaries and benefits were as follows:

General Fund	
General Department	\$ 2,788,429
Mill Levy Department	
Daycare Department	19,994
Colorado Preschool Department	36,113
Total General Fund	<u>2,844,536</u>
 Federal Programs Fund	 134,252
Food Service Fund	<u>20,508</u>
 Total Governmental Activities	 <u>\$ 2,999,296</u>

NOTE (7) Changes in Long – Term Debt

The changes in governmental activities long-term debt for the year ended June 30, 2020, are as follows:

	Balance at June 30, 2019	Additions	Deletions	Balance at June 30, 2020	Due Within One Year
Bonds Payable	\$ 20,315,000		\$ 2,255,000	\$ 18,060,000	\$ 2,335,000
Capital Lease Obligation		\$ 3,000,000		3,000,000	111,000
Bond Premium	2,197,696		261,540	1,936,156	
Compensated Absences	422,822	297,757	306,510	414,069	178,984
 Totals	 <u>\$ 22,935,518</u>	 <u>\$ 3,297,757</u>	 <u>\$ 2,823,050</u>	 23,410,225	 <u>\$ 2,624,984</u>
 Less Amount Due Within One Year				 <u>(2,624,984)</u>	
 Due in More Than One Year				 <u>\$ 20,785,241</u>	

Compensated absences will be liquidated by the General Fund.

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (8) Bonds Payable

Bonds Payable, 2011 Series

In October 2011, the District issued \$6,020,000 (Series 2011) of general obligation refunding bonds. The bonds were used to provide funds to establish an irrevocable trust escrow to advance refund \$6,120,000 of the District's outstanding 2004 general obligation bonds.

The bonds mature on December 1 commencing December 1, 2015, with interest payable semiannually on June 1 and December 1 commencing December 1, 2011. The bonds are not subject to early redemption and the final bond matures on December 1, 2021. The General Obligation Refunding Bonds are summarized as follows:

<u>Maturity</u>	<u>Interest Rate</u>	<u>Principal Maturing For Year</u>	<u>Interest Requirement</u>	<u>Total</u>
2020-2021	5.00%	\$ 1,500,000	\$ 116,500	\$ 1,616,500
2021-2022	5.00%	1,580,000	39,500	1,619,500
		<u>\$ 3,080,000</u>	<u>\$ 156,000</u>	<u>\$ 3,236,000</u>

Bonds Payable, 2014 Series

In March 2014, the District issued \$7,180,000 in general obligation bonds for the purpose of providing secure entrances at all District schools and infrastructure improvements at three of the District's elementary schools.

The general obligation bonds, series 2014, dated March 5, 2014, mature on December 1 with interest payable semi-annually on June 1 and December 1 commencing June 1, 2014. The bonds mature on December 1, 2026 and are subject to optional call on December 1, 2023 at par plus accrued interest.

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (8) Bonds Payable (continued)

Bonds Payable, 2014 Series (continued)

The General Obligation Bonds are summarized as follows:

<u>Maturity</u>	<u>Interest Rate</u>	<u>Principal Maturing For Year</u>	<u>Interest Requirement</u>	<u>Total</u>
2020-2021	3.50%	\$ 415,000	\$ 220,437	\$ 635,437
2021-2022	4.00%	425,000	205,737	630,737
2022-2023	4.00%	940,000	181,850	1,121,850
2023-2024	4.00%	975,000	145,900	1,120,900
2024-2025	4.00%	1,010,000	106,200	1,116,200
2025-2027	4.00%	2,150,000	86,800	2,236,800
		<u>\$ 5,915,000</u>	<u>\$ 946,924</u>	<u>\$ 6,861,924</u>

Bonds Payable, 2015 Series

In February 2015, the District issued \$11,090,000 in general obligation bonds for the purpose of building a new Middle School. The bond proceeds represented the District's required matching funds for the Colorado Department of Education BEST Capital Construction Grant that the District was awarded in 2014.

The general obligation bonds, series 2015, dated February 12, 2015, mature on December 1 with interest payable semi-annually on June 1 and December 1 commencing June 1, 2014. The bonds mature on December 1, 2034 and are subject to optional call on December 1, 2024 at par plus accrued interest.

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (8) Bonds Payable (continued)

Bonds Payable, 2015 Series (continued)

The General Obligation Bonds are summarized as follows:

<u>Maturity</u>	<u>Interest Rate</u>	<u>Principal Maturing For Year</u>	<u>Interest Requirement</u>	<u>Total</u>
2020-2021	5.00%	\$ 420,000	\$ 442,750	\$ 862,750
2021-2022	5.00%	440,000	421,250	861,250
2022-2023	5.00%	465,000	398,625	863,625
2023-2024	5.00%	485,000	374,875	859,875
2024-2025	5.00%	510,000	350,000	860,000
2025-2030	5.00%	2,960,000	1,330,500	4,290,500
2030-2035	5.00%	3,785,000	491,375	4,276,375
		<u>\$ 9,065,000</u>	<u>\$ 3,809,375</u>	<u>\$ 12,874,375</u>

NOTE (9) Capital Lease Obligation

In the 2017-2018 fiscal year, The District received a Head Start capital construction grant from the Department of Health and Human Services (HHS) for the construction of a new wing addition to the District school know as the Sherman Early Childhood Center. The District finished construction of the wing addition in the fall of 2018. Subsequent to the completion of the addition in the spring of 2019, the regional office of Head Start informed the District that the annual operations Head Start grant for 2019-2020 fiscal year had been awarded to another entity.

Based on that grant awarding decision from Head Start, the Board of Education determined that the District would repay Head Start for the previously awarded and received capital construction grant and thereby release the established and recorded Federal Interest in the Sherman Early Childhood Center.

In December 2019, the District entered into a Site Lease agreement with a lender in the amount of \$3,000,000. The proceeds of the Site Lease were utilized to repay HHS for the previously awarded capital construction grant. The Federal Interest in the Sherman Early Childhood Center as previously recorded was in turn released by HHS.

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (9) Capital Lease Obligation (continued)

Simultaneous to the origination of the Site Lease, the District entered into a Lease Purchase Agreement with the same lender for twenty, one year lease terms subject to annual appropriation by the Board of Education. The annual rental payments under the lease agreement are approximately \$200,000 per year with the interest component of the lease payable on June 1 and December 1 and the principal portion payable on December 1.

The annual lease payments are not subject to prepayment through November 30, 2024. Annual lease payments from December 1, 2024 through November 30, 2027 are subject to a prepayment premium of 2.00% and annual lease payments from December 1, 2027 through November 30, 2029 are subject to a prepayment premium of 1.00%. The District has pledged the elementary school known as Baker Elementary School as collateral on the Lease Purchase agreement.

The General Obligation Bonds are summarized as follows:

<u>Maturity</u>	<u>Interest Rate</u>	<u>Principal Maturing Per Year</u>	<u>Interest Requirement</u>	<u>Total Minimum Lease Payments</u>
2020-2021	2.99%	\$ 111,000	\$ 88,041	\$ 199,041
2021-2022	2.99%	115,000	84,662	199,662
2022-2023	2.99%	118,000	81,178	199,178
2023-2024	2.99%	122,000	77,591	199,591
2024-2025	2.99%	126,000	73,883	199,883
2025-2030	2.99%	687,000	309,928	996,928
2030-2035	2.99%	798,000	199,044	997,044
2035-2039	2.99%	923,000	70,340	993,340
		<u>\$ 3,000,000</u>	<u>\$ 984,667</u>	<u>\$ 3,984,667</u>

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (10) Defined Benefit Pension Plan

General Information

Plan Description - The District contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). All employees of the District participate in the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS) assigns the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available financial report that includes information on the SDTF. That report may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The SDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned or purchased, highest average salary, the benefit structure in place, the benefit option selected at retirement, and age at retirement. The retirement benefit is the greater of the a) highest average salary multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the participant's contribution account plus an equal match on the retirement date, annualized into a monthly amount based on life expectancy and other actuarial factors. In no case can the benefit amount exceed the highest average salary or the amount allowed by applicable federal regulations.

Retirees may elect to withdraw their contributions upon termination of employment, and may be eligible to receive a matching amount if five years of service credit is earned and certain other criteria is met.

Retirees who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs) as established by State statutes. State statutes stipulate that no annual increases will occur before July 1, 2020. Thereafter retirees will receive an annual increase of the lesser of 1.5% or the average consumer price index for the prior calendar year, with certain limitations. The automatic adjustment provision specified in State statutes may raise or lower the aforementioned annual increase for a given year by up to 0.25%.

Disability benefits are available for plan participants once they reach five years of earned service credit and meet the definition of a disability. The disability benefit amount is based on the retirement benefit formula described previously, considering a minimum of twenty years of service credit.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure in place, and the qualified survivor receiving the benefits.

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (10) Defined Benefit Pension Plan (Continued)

General Information (continued)

Contributions - The District and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. In addition, in accordance with Title 24, Article 51, Part 414 of the CRS, beginning on July 1, 2018, the State is required to contribute a total of \$225 million to PERA in a manner that is proportionate to the annual payroll of specified divisions of PERA, a portion of which is allocated to the SDTF. These contribution requirements are established and may be amended by the State Legislature. For the year ended June 30, 2020, employee and employer contribution rates were 8.75% and 20.4% of covered salaries, respectively. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 11). The District's contributions to the SDTF for the year ended June 30, 2020, were \$4,227,018, equal to the required contributions.

As provided in the automatic adjustment provision specified in State statutes, member and employer contributions will adjust annually beginning July 1, 2020, to ensure that PERA is able to eliminate its unfunded liability. Both member and employer contribution rates can increase (or decrease) each year, not to exceed an additional 2%.

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

School's proportionate share of the net pension liability	\$ 51,390,954
State's proportionate share of the net pension liability associated with the School	<u>6,518,289</u>
Total	<u><u>\$ 57,909,243</u></u>

At June 30, 2020, the District reported a net pension liability of \$51,390,954 representing its proportionate share of the net pension liability of the SDTF.

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (10) Defined Benefit Pension Plan (Continued)

The net pension liability was measured at December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2019.

The District's proportion of the net pension liability was based on the District's contributions to the SDTF for the calendar year ended December 31, 2019, relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was 0.3439872861%, which was an increase of 0.0162928187% from its proportion measured at December 31, 2018.

During the 2018 legislative session, the State Legislature passed Senate Bill (SB) 18-200 with the goal of eliminating the unfunded pension liability of the SDTF within the next 30 years. The significant provisions of the legislation include increased age and service requirements to receive full retirement benefits, highest average salary calculated over five years rather than three years, changes to includable employee salaries, increased contributions from employees and employers, and an annual direct distribution from the State of Colorado. However, House Bill (HB) 20-1379 suspended the State's direct distribution for the subsequent fiscal year beginning July 1, 2020.

For the year ended June 30, 2020, the District recognized pension expense of \$15,234,486, and revenue of (\$182,975) representing support provided by the State. 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
Differences between expected and actual experience	\$ 2,800,836	
Changes of assumptions and other inputs	1,467,132	\$ 23,310,447
Net difference between projected and actual earnings on plan investments	-	6,087,764
Changes in proportion	10,403,940	4,622,541
Contributions subsequent to the measurement date	2,354,917	-
Total	<u>\$ 17,026,825</u>	<u>\$ 34,020,752</u>

District contributions subsequent to the measurement date of \$2,354,917 will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (10) Defined Benefit Pension Plan (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,

2021	\$ (7,684,441)
2022	(10,240,332)
2023	646,807
2024	<u>(2,070,878)</u>
Total	<u>\$ (19,348,844)</u>

Actuarial Assumptions - The actuarial valuation as of December 31, 2018, determined the total pension liability using the following actuarial assumptions and other inputs.

	<u>Assumptions</u>
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.5% - 9.7%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
Hired prior to 1/1/07	
through 2019	0%
thereafter, compounded annually	1.25%
Hired after 12/31/06	ad hoc

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table. The mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates. Healthy, post-retirement mortality assumptions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, with certain adjustments. For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (10) Defined Benefit Pension Plan (Continued)

On November 18, 2016, PERA's governing board adopted revised economic and demographic assumptions based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, which were effective on December 31, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the SDTF, 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.

The most recent analysis of the long-term expected rate of return was adopted by PERA's governing board on November 18, 2016, and included the target allocation and best estimates of geometric real rates of return for each major asset class, as follows:

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

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (10) Defined Benefit Pension Plan (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the rates specified in State statutes and that covered payroll will increase annually at 3.5%, with certain limitations. When the actuarially determined funding ratio reaches 103%, the employer contribution rate will decrease 0.5% each year. In addition, the projection assumes the State will provide an annual direct distribution of \$225 million until the PERA pension plans are fully funded. Based on those assumptions, the SDTF's fiduciary net position was projected to be available to make all projected future benefit payments to current participants. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate at the prior measurement date was 7.25%.

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

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Proportionate share of the net pension liability	<u>\$ 68,155,408</u>	<u>\$ 51,390,954</u>	<u>\$ 37,315,733</u>

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

NOTE (11) Postemployment Healthcare Benefits

General Information

Plan Description - All employees of the District are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA).

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (11) Postemployment Healthcare Benefits (continued)

General Information (continued)

Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS) assigns the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available financial report that includes information on the HCTF. That report may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The HCTF provides a healthcare premium subsidy to eligible benefit recipients and retirees who choose to enroll. Eligibility to enroll is voluntary and includes benefit recipients, their eligible dependents and surviving spouses, among others. Eligible benefit recipients may enroll in the HCTF upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period. The health care premium subsidy is based on the benefit structure under which the member retires and the member's years of service credit.

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, and \$115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. An additional subsidy is provided if the benefit recipient has not participated in Social Security and is not otherwise eligible for Medicare Part A. The maximum subsidy is based on 20 or more years of service. The subsidy is reduced for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

Contributions - As established by Title 24, Article 51, Section 208 of the CRS, 1.02% of the District's contributions to the School Division Trust Fund (SDTF) (See Note 10) is apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The District's apportionment to the HCTF for the year ended June 30, 2020, was \$211,346, equal to the required amount.

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 net OPEB liability of \$2,525,909, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at 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.

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (11) Postemployment Healthcare Benefits (continued)

The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year ended December 31, 2019, relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was 0.2247254202%, which was an increase of 0.0117205848% from its proportion measured at December 31, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$200,730. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,385	\$424,447
Changes of assumptions and other inputs	20,957	-
Net difference between projected and actual earnings on plan investments	-	42,162
Changes in proportion	181,532	-
Contributions subsequent to the measurement date	<u>134,288</u>	<u>-</u>
Total	<u><u>\$345,162</u></u>	<u><u>\$466,609</u></u>

District contributions subsequent to the measurement date of \$134,288 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,

2021	\$ (46,157)
2022	(46,157)
2023	(33,942)
2024	(60,005)
2025	(56,085)
2026	<u>(3,389)</u>
Total	<u><u>\$(245,735)</u></u>

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (11) Postemployment Healthcare Benefits (continued)

Actuarial Assumptions - The actuarial valuation as of December 31, 2018, determined the total OPEB liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
Service-based premium subsidy	0.0%
Medicare plans	
5.6% in 2019, gradually decreasing to 4.5% in 2029	
Medicare Part A premiums:	
3.5% in 2019, gradually increasing to 4.5% in 2029	

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table. The mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates. Healthy, post-retirement mortality assumptions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, with certain adjustments. For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

Health care cost trend rates are based on published annual health care inflation surveys in conjunction with actual plan experience, building block models and heuristics developed by actuaries and administrators, and other projected trends.

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, and were adopted by PERA's governing board on November 18, 2016. In addition, certain actuarial assumptions pertaining to per capita health care costs and the related trends are analyzed by PERA's actuary as needed.

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (11) Postemployment Healthcare Benefits (continued)

Several factors were considered in evaluating the long-term rate of return assumption for the SDTF, 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.

The most recent analysis of the long-term expected rate of return was adopted by PERA's governing board on November 18, 2016, and included the target allocation and best estimates of geometric real rates of return for each major asset class, as presented previously in Note 10.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the current contribution rate. Based on this assumption, the HCTF's fiduciary net position was projected to be available to make all projected future OPEB payments to current active and inactive employees. Therefore, the long-term expected rate of return on HCTF investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate at the prior measurement date was 7.25%.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	<u>\$ 2,856,049</u>	<u>\$ 2,525,909</u>	<u>\$2,243,571</u>

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (11) Postemployment Healthcare Benefits (continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the District's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates, ranging from 3.5% to 5.6%, as well as the District's proportionate share of the net OPEB liability if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Proportionate share of the net OPEB liability	<u>\$ 2,465,908</u>	<u>\$ 2,525,909</u>	<u>\$ 2,595,246</u>

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

NOTE (12) Jointly Governed Organization

The District participates in Centennial Board of Cooperative Education Services. Membership allows the District to provide special and extended services to the students of the District that previously were not economically possible. Centennial BOCES receives funding from local, state, and federal sources to provide a portion of the direct costs of each program, as well as billing the member districts for services provided. For the year ended June 30, 2020, the District paid \$232,192 for those services which included \$8,675 paid for administrative services. Separate financial statements for the BOCES are available at 2020 Clubhouse Drive, Greeley, CO, 80634.

NOTE (13) Tax, Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments.

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and student growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions.

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (13) Tax, Spending and Debt Limitations (continued)

In effect, it has been generally interpreted that fiscal year spending approximates nonexempt revenue or receipts.

Spending excludes spending from certain revenue and financial sources such as federal funds, gifts, property sales, fund transfers, damage awards and fund reserves.

The Amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rates, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

In November, 1997, the District's electorate approved a resolution to permit the District to collect, keep, and expend as a voter approved revenue change and exception to the limits which would otherwise apply under Article X, Section 20 of the Colorado Constitution, beginning with the fiscal year 1996 and each fiscal year thereafter, provided however, that there is no increasing of tax rates or new taxes imposed.

Except for bond refinancing at lower interest rates or by adding employees to existing pension plans, the Amendment specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or irrevocably pledging present cash reserves for all future payments.

The Amendment requires Emergency Reserves to be established. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. As of June 30, 2020, the District has restricted fund balance of \$1,500,000 in the General Fund for this reserve.

The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (14) Contingencies/Commitments

Grants

The District receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

However, in the opinion of the District, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2020.

NOTE (15) Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has transferred the risk of loss for workers compensation through the participation within the state sponsored workers compensation fund. The amounts of settlements have not exceeded insurance coverage in any of the past three years.

The District also participates in two insurance pools which provide insurance coverage for the District's general liability and property and casualty insurance and for the District's employees medical insurance.

Colorado School Districts Self-Insurance Pool

The Colorado School Districts Self-Insurance Pool (CSDSIP), sponsored by the Colorado Association of School Boards (CASB), operates as a self-insurance pool comprised of various school districts and other related public educational entities within the State of Colorado. The CSDSIP is administered by a board of directors. The District pays an annual premium to the CSDSIP for various types of property and liability insurance coverage.

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 the CSDSIP. Settled claims have not exceeded this coverage in any of the past three fiscal periods.

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (15) Risk Management (continued)

BEST Health Plan

The District joined The Colorado Boards of Education Self-Funded Trust (BEST) in 2010. This partially self-funded trust was established in 2004 to offer a stable, long term, statewide medical program designed to meet the business objective and challenges of school districts. Medical coverage for District employees is purchased through the trust.

The District pays a monthly premium to BEST to provide health insurance coverage and services for its plan members. Employees are responsible for paying a deductible amount before the plan begins to pay. The individual deductible amount for fiscal year 2019 was \$3,500. There is no lifetime maximum benefit for plan members.

Because there is the potential to incur high cost medical claims, BEST purchases stop-loss coverage to cover claims that exceed its deductible limit, which is currently \$150,000. Each year, the deductible limit is reviewed based on actuarial analysis to determine if paying an additional premium would increase or reduce the ultimate cost of risk to the District.

As members of the BEST Health Plan, the District also purchases prescription coverage through the pool. In 2012, the District deposited \$600,000 with BEST as a deposit to establish its claims fluctuation reserve (CFR). During 2015-2016, the District experienced a deterioration in its CFR of approximately \$200,000. In February 2016, the District made an additional deposit to its CFR in the amount of \$100,000. The District made two, \$200,000 additional deposits in 2016-2017 to restore its CFR balance after experiencing higher claim losses.

The CFR balance at June 30, 2019 was \$500,000 and there were no additional changes for 2019-2020 and therefore the balance at June 30, 2020 did not change from June 30, 2019.

NOTE (16) Litigation

The District from time to time is involved in various legal matters. In the opinion of the District's counsel, there are no pending legal issues that would have a material adverse effect on the financial condition of the District.

Morgan County School District Re-3
Notes to Financial Statements
June 30, 2020

NOTE (17) Excess Expenditures

For the year ended June 30, 2020, the Food Service Fund incurred total actual expenditures of \$2,010,261 which was \$43,681 in excess of the final approved budget amount of \$1,966,580.

Morgan County School District Re-3
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Public Employees' Retirement Association of Colorado School Division Trust Fund
June 30, 2020

PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13
District's Proportion of the Net Pension Liability	<u>0.3439872861%</u>	<u>0.3276944674%</u>	<u>0.3696201719%</u>	<u>0.3602611241%</u>	<u>0.3617443754%</u>	<u>0.3656166177%</u>	<u>0.3707465781%</u>
District's Proportionate Share of the Net Pension Liability	\$ 51,390,954	\$ 58,025,036	\$ 119,522,027	\$ 107,263,668	\$ 55,326,248	\$ 49,553,333	\$ 47,288,626
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>6,518,289</u>	<u>7,934,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Proportionate Share	<u>\$ 57,909,243</u>	<u>\$ 65,959,154</u>	<u>\$ 119,522,027</u>	<u>\$ 107,263,668</u>	<u>\$ 55,326,248</u>	<u>\$ 49,553,333</u>	<u>\$ 47,288,626</u>
District's Covered Payroll	\$ 20,206,371	\$ 18,015,263	\$ 17,050,207	\$ 16,173,882	\$ 15,764,734	\$ 15,316,707	\$ 14,945,964
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	254%	322%	701%	663%	351%	324%	316%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65%	57%	44%	43%	59%	63%	64%

DISTRICT CONTRIBUTIONS

	6/30/20	6/30/19	6/30/18	6/30/17	6/30/16	6/30/15	6/30/14
Statutorily Required Contribution	\$ 4,015,672	\$ 3,534,150	\$ 3,315,227	\$ 3,045,963	\$ 2,830,814	\$ 2,614,912	\$ 2,422,215
Contributions in Relation to the Statutorily Required Contribution	<u>(4,015,672)</u>	<u>(3,534,150)</u>	<u>(3,315,227)</u>	<u>(3,045,963)</u>	<u>(2,830,814)</u>	<u>(2,614,912)</u>	<u>(2,422,215)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 20,720,188	\$ 18,474,374	\$ 17,552,824	\$ 16,570,403	\$ 15,959,719	\$ 15,481,355	\$ 15,147,263
Contributions as a Percentage of Covered Payroll	19.38%	19.13%	18.89%	18.38%	17.74%	16.89%	15.99%

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

See the accompanying Independent Auditor's Report

Morgan County School District Re-3
Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability and Contributions
Public Employees' Retirement Association of Colorado Health Care Trust Fund
June 30, 2020

	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>
Proportionate Share of the Net OPEB Liability			
District's Proportion of the Net OPEB Liability	0.2247254202%	0.2130048354%	0.2100175754%
District's Proportionate Share of the Net OPEB Liability	\$ 2,525,909	\$ 2,898,020	\$ 2,729,388
District's Covered Payroll	\$ 20,206,371	\$ 18,015,263	\$ 17,050,207
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	13%	16%	16%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24%	17%	18%
	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>
District Contributions			
Statutorily Required Contribution	\$ 211,346	\$ 188,439	\$ 179,039
Contributions in Relation to the Statutorily Required Contribution	<u>(211,346)</u>	<u>(188,439)</u>	<u>(179,039)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 20,720,188	\$ 18,474,374	\$ 17,552,824
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%

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

See the accompanying Independent Auditor's Report

Morgan County School District Re-3
Budgetary Comparison Schedule - General Fund
For The Year Fiscal Ended June 30, 2020

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Local Sources:				
Property Taxes	\$ 6,671,088	\$ 8,172,712	\$ 8,006,953	\$ (165,759)
Delinquent Taxes	200	200	1,129	929
Specific Ownership Taxes	711,647	698,247	689,424	(8,823)
Specific Ownership - Bond Redemption and Mill Levy	390,000	390,000	361,357	(28,643)
Tuition	50,000	20,000	7,409	(12,591)
Interest Income	157,740	245,800	142,474	(103,326)
Other	241,000	349,000	528,880	179,880
Federal Sources - Grants	713,048	714,048	711,194	(2,854)
State Sources				
State Equalization	21,192,332	20,143,560	20,143,527	(33)
ESL	454,336	454,336	454,336	-
Vocational Education	101,300	101,300	109,394	8,094
Transportation	157,244	163,000	153,227	(9,773)
Special Education	673,693	673,693	693,743	20,050
Small Rural Schools	342,422	347,422	342,422	(5,000)
On Behalf			493,698	493,698
Other State Sources	140,000	115,774	162,441	46,667
Total Revenues	31,996,050	32,589,092	33,001,608	412,516
 Expenditures (See Schedules)				
Instruction	18,843,386	19,446,791	18,917,374	529,417
Supporting Services	15,552,111	15,607,903	14,162,471	1,445,432
Total Expenditures	34,395,497	35,054,694	33,079,845	1,974,849
 Excess (Deficiency) of Revenue Over Expenditures	(2,399,447)	(2,465,602)	(78,237)	2,387,365
 Other Financing Sources (Uses)				
Insurance Proceeds	50,000	-	3,303	3,303
Transfers Out	(107,000)	(132,000)	(132,978)	(978)
Total Other Financing Sources (Uses)	(57,000)	(132,000)	(129,675)	2,325
 Net Change in Fund Balance	(2,456,447)	(2,597,602)	(207,912)	2,389,690
 Beginning Fund Balance	8,857,209	8,410,512	10,096,155	1,685,643
 Ending Fund Balance	\$ 6,400,762	\$ 5,812,910	\$ 9,888,243	\$ 4,075,333

Morgan County School District Re-3
Budgetary Comparison Schedule - General Fund
For The Fiscal Year Ended June 30, 2020

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Instruction				
Salaries	\$ 12,768,801	\$ 13,173,018	\$ 12,767,495	\$ 405,523
Employee Benefits	4,849,513	4,857,779	5,304,565	(446,786)
Purchased Services	501,916	501,376	377,732	123,644
Supplies and Materials	283,366	285,828	249,037	36,791
Capital Outlay	272,299	460,299	121,255	339,044
Other	167,491	168,491	97,290	71,201
Total Instruction	\$ 18,843,386	\$ 19,446,791	\$ 18,917,374	\$ 529,417
Total Instructional Services	\$ 18,843,386	\$ 19,446,791	\$ 18,917,374	529,417
Less Capital Outlay	(272,299)	(460,299)	(121,255)	(339,044)
Net Instructional Services	\$ 18,571,087	\$ 18,986,492	\$ 18,796,119	\$ 190,373
Supporting Services				
Students				
Salaries	\$ 1,044,020	\$ 1,044,020	\$ 1,042,033	\$ 1,987
Employee Benefits	380,209	400,673	385,561	15,112
Purchased Services	364,999	239,999	236,950	3,049
Supplies and Materials	12,050	12,050	6,620	5,430
Capital Outlay	450	450	2,216	(1,766)
Other	1,400	1,400	592	808
Total Students	1,803,128	1,698,592	1,673,972	24,620
Instructional Staff				
Salaries	643,743	643,743	644,349	(606)
Employee Benefits	265,929	265,929	240,371	25,558
Purchased Services	38,410	30,910	51,335	(20,425)
Supplies and Materials	277,702	277,702	259,144	18,558
Capital Outlay	2,900	2,900	1,304	1,596
Other	33,800	33,800	24,223	9,577
Total Instructional Staff	1,262,484	1,254,984	1,220,726	34,258
General Administration				
Salaries	220,187	220,187	219,945	242
Employee Benefits	69,900	69,900	74,869	(4,969)
Purchased Services	66,751	66,751	59,191	7,560
Supplies and Materials	4,950	4,950	11,857	(6,907)
Capital Outlay	4,000	4,000	5,105	(1,105)
Other	23,300	50,300	47,172	3,128
Total General Administration	389,088	416,088	418,139	(2,051)
School Administration				
Salaries	1,863,467	1,867,280	1,864,635	2,645
Employee Benefits	640,978	640,978	619,013	21,965
Purchased Services	22,166	22,166	20,014	2,152
Supplies and Materials	21,960	21,960	10,852	11,108
Capital Outlay	8,101	8,101	1,939	6,162
Other	(59,810)	(59,810)	(110,357)	50,547
Total School Administration	2,496,862	2,500,675	2,406,096	94,579

Morgan County School District Re-3
Budgetary Comparison Schedule - General Fund
For The Fiscal Year Ended June 30, 2020

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Business Services				
Salaries	438,835	438,835	438,069	766
Employee Benefits	159,720	159,720	154,965	4,755
Purchased Services	111,450	111,450	116,200	(4,750)
Supplies and Materials	29,290	83,200	37,508	45,692
Capital Outlay	8,000	8,000	3,551	4,449
Other	(53,600)	(53,600)	(49,878)	(3,722)
Total Business Services	\$ 693,695	\$ 747,605	\$ 700,415	\$ 47,190
Operations and Maintenance				
Salaries	\$ 1,520,718	\$ 1,526,718	\$ 1,529,278	\$ (2,560)
Employee Benefits	636,139	637,261	616,657	20,604
Purchased Services	704,949	788,779	762,918	25,861
Supplies and Materials	763,750	763,750	646,103	117,647
Capital Outlay	141,250	73,031	86,249	(13,218)
Other	4,060	4,060	4,188	(128)
Total Operations and Maintenance	3,770,866	3,793,599	3,645,393	148,206
Student Transportation				
Salaries	499,371	499,371	494,326	5,045
Employee Benefits	229,312	229,312	234,258	(4,946)
Purchased Services	133,500	130,000	119,987	10,013
Supplies and Materials	139,500	126,677	128,555	(1,878)
Capital Outlay	102,500	22,500	31,037	(8,537)
Other	(148,700)	(143,700)	(73,164)	(70,536)
Total Student Transportation	955,483	864,160	934,999	(70,839)
Central Support				
Salaries	487,083	487,083	486,999	84
Employee Benefits	174,174	174,174	165,259	8,915
Purchased Services	1,071,717	1,101,717	1,136,171	(34,454)
Supplies and Materials	69,000	69,000	34,459	34,541
Capital Outlay	196,000	224,000	118,019	105,981
Other	9,850	9,850	8,328	1,522
Total Central Support	2,007,824	2,065,824	1,949,235	116,589
Other Support				
Salaries	172,309	207,009	184,778	22,231
Employee Benefits	52,320	64,550	69,111	(4,561)
Purchased Services	27,500	2,000	19,513	(17,513)
Supplies and Materials	9,300	6,300	4,334	1,966
Capital Outlay	1,072,000	1,151,971	874,706	277,265
Other	839,252	834,546	61,054	773,492
Total Other Support	2,172,681	2,266,376	1,213,496	1,052,880
Total Supporting Services	\$ 15,552,111	\$ 15,607,903	\$ 14,162,471	\$ 1,445,432
Total Support Services	\$ 15,552,111	\$ 15,607,903	\$ 14,162,471	1,445,432
Less Capital Outlay	(1,535,201)	(1,494,953)	(1,124,126)	(370,827)
Less Debt Service - Interest	-	(40,365)	(40,365)	
Net Support Services	\$ 14,016,910	\$ 14,072,585	\$ 12,997,980	\$ 1,074,605

Morgan County School District Re-3
Budgetary Comparison Schedule - Federal Programs Fund
For The Fiscal Year Ended June 30, 2020

	June 30, 2020				June 30, 2019
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Actual Amounts
Revenues:					
Local Sources	\$ 324,001	\$ 312,928	\$ 285,451	\$ (27,477)	\$ 112,845
State Sources	437,409	701,023	481,431	(219,592)	477,042
Federal Sources	820,890	865,840	926,917	61,077	3,483,473
Interest Income	-	-	5,104	5,104	498
Total Revenues	1,582,300	1,879,791	1,698,903	(180,888)	4,073,858
Expenditures:					
Salaries	920,324	1,066,197	1,022,150	44,047	1,329,143
Benefits	387,551	414,658	407,552	7,106	562,652
Purchased Services	100,664	150,214	87,290	62,924	152,872
Supplies	218,988	219,588	125,044	94,544	159,302
Capital Outlay	5,976	5,976	9,673	(3,697)	1,862,042
Non Capital Outlay	51,722	122,589	81,109	41,480	39,982
Other	13,936	13,936	10,157	3,779	46,805
Indirect Costs	18,633	18,633	118,782	(100,149)	79,079
Total Expenditures	1,717,794	2,011,791	1,861,757	150,034	4,231,877
Excess (Deficiency) of Revenues over Expenditures	(135,494)	(132,000)	(162,854)	(30,854)	(158,019)
Other Financing Sources:					
Transfers In	135,495	132,000	132,978	978	151,013
Net Change in Fund Balance	1	-	(29,876)	(29,876)	(7,006)
Beginning Fund Balance	309,623	384,243	302,617	(81,626)	309,623
Ending Fund Balance	\$ 309,624	\$ 384,243	\$ 272,741	\$ (111,502)	\$ 302,617

Morgan County School District Re-3
Notes to Required Supplementary Information
June 30, 2020

Note (1) Schedule of Proportionate Share of the Net Pension Liability and Contributions

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

Changes in Assumptions and Other Inputs

For the year ended June 30, 2020, the total pension liability was determined by an actuarial valuation as of December 31, 2018. The following revised assumptions as a result of Senate Bill (SB) 18-200 were effective as of December 31, 2018.

- Member contributions increased by 2% over three years.
- Employer contributions increased annually pursuant to the automatic adjustment provision.
- Annual direct distribution from the State of Colorado.
- Retiree annual increases suspended for 2018 and 2019. Annual increase cap lowered from 2% to 1.5% thereafter.
- Highest average salary used to determine retiree benefits increased from three to five years

Morgan County School District Re-3
Notes to Required Supplementary Information
June 30, 2020

Note (2) Budgets and Budgetary Accounting

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

- 1) Budgets are required by state law for all funds. Prior to May 31, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- 3) Prior to June 30, the budget is adopted by formal resolution.
- 4) Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budget line items within any department in the General Fund rests with the Superintendent of Schools, or department directors. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- 5) Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles except for the Food Services Fund, which accounts for the interfund reimbursements as an expense reimbursement and not as a revenue. All annual appropriations lapse at fiscal year-end.

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Morgan County School District Re-3
Combining Balance Sheet
General Fund
June 30, 2020

	<u>General Department</u>	<u>Mill Levy Department</u>	<u>Daycare Department</u>
ASSETS			
Cash and Investments	\$ 12,295,266	\$ 720,129	\$ 172,978
Receivable from Treasurer	429,676	25,519	
Property and S.O. Tax Receivable	506,553	29,759	
Accounts Receivable	17,945		21,918
Intergovernmental Receivable	742		588
Interfund Receivables	426,223	1,251	
Prepaid Expenditures	36,755		836
Inventory	83,350		
Total Assets	<u>\$ 13,796,510</u>	<u>\$ 776,658</u>	<u>\$ 196,320</u>
Liabilities:			
Accounts Payable	\$ 189,029	\$ 22,239	\$ 568
Hospital Escrow	17,000		
Accrued Salaries and Benefits	2,788,429		19,994
Interfund Payables	194,600	291	750
Unearned Revenue	2,296,855		
Total Liabilities	<u>5,485,913</u>	<u>22,530</u>	<u>21,312</u>
Deferred Inflows of Resources			
Taxes	286,247	20,682	
Total Deferred Inflows of Resources	<u>286,247</u>	<u>20,682</u>	<u>-</u>
Fund Balances:			
Non-Spendable			
Prepaid Expenditures	36,755		
Inventory	83,350		
Restricted			
Emergency Reserve (TABOR)	1,500,000		
Mill Levy - Capital and Maintenance		733,446	
Preschool			
Assigned			
Subsequent Year's Budget	1,293,060		
Capital Projects/Replacements			
Unassigned	5,111,185		175,008
Total Fund Balances	<u>8,024,350</u>	<u>733,446</u>	<u>175,008</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 13,796,510</u>	<u>\$ 776,658</u>	<u>\$ 196,320</u>

See the accompanying Independent Auditor's Report

June 30, 2020

June 30, 2019

Capital Reserve Department	Insurance Department	Colorado Preschool Department	Total General Fund	Total General Fund
\$ 431,047	\$ 401,267	\$ 100,742	\$ 14,121,429	\$ 12,049,655
			455,195	124,245
			536,312	359,368
81,002			120,865	424,349
			1,330	453,755
20,773		39,648	487,895	214,062
			37,591	62,679
			83,350	68,822
<u>\$ 532,822</u>	<u>\$ 401,267</u>	<u>\$ 140,390</u>	<u>\$ 15,843,967</u>	<u>\$ 13,756,935</u>
\$ 53,309	\$ 16,222	\$ 11,789	293,156	\$ 287,184
			17,000	-
		36,113	2,844,536	2,468,499
		1,607	197,248	185,996
			2,296,855	-
<u>53,309</u>	<u>16,222</u>	<u>49,509</u>	<u>5,648,795</u>	<u>2,941,679</u>
			306,929	154,936
<u>-</u>	<u>-</u>	<u>-</u>	<u>306,929</u>	<u>154,936</u>
			36,755	62,679
			83,350	68,822
			1,500,000	1,050,000
			733,446	648,103
		90,881	90,881	92,617
			-	-
	57,467		1,350,527	8,040
479,513			479,513	1,470,514
	327,578	-	5,613,771	7,259,545
<u>479,513</u>	<u>385,045</u>	<u>90,881</u>	<u>9,888,243</u>	<u>10,660,320</u>
<u>\$ 532,822</u>	<u>\$ 401,267</u>	<u>\$ 140,390</u>	<u>\$ 15,843,967</u>	<u>\$ 13,756,935</u>

Morgan County School District Re-3
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
General Fund
For the Fiscal Year Ended June 30, 2020

	For the Fiscal		
	General Department	Mill Levy Department	Daycare Department
Property Taxes	\$ 7,467,073	\$ 541,009	
Specific Ownership Taxes	1,050,781		
Intergovernmental	3,100,461		\$ 25,189
State Equalization	20,143,527		
Interest Income	135,535	6,155	168
Other	12,830	5	5,000
Local Sources	224,201		174,111
Total Revenues	<u>32,134,408</u>	<u>547,169</u>	<u>204,468</u>
Expenditures:			
Current			
Instruction	18,296,067	24,234	609
Supporting Services	11,445,970	494,789	205,440
Debt Service - Interest	40,365		
Non Capital Outlay	143,067	13,966	2,507
Capital Outlay	166,423	48,110	
Total Expenditures	<u>30,091,892</u>	<u>581,099</u>	<u>208,556</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,042,516</u>	<u>(33,930)</u>	<u>(4,088)</u>
Other Financing Sources (Uses):			
Insurance Proceeds			
Allocations In			
Allocations Out	(2,246,248)		
Transfers Out	(132,978)		
Total Other Financing Sources (Uses)	<u>(2,379,226)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(336,710)	(33,930)	(4,088)
Fund Balances - Beginning of the Year	<u>8,361,060</u>	<u>767,375</u>	<u>179,097</u>
Fund Balances - End of the Year	<u>\$ 8,024,350</u>	<u>\$ 733,445</u>	<u>\$ 175,009</u>

See the accompanying Independent Auditor's Report

Year Ended June 30, 2020				For the Fiscal Year Ended June 30, 2019	
Capital Reserve Department	Insurance Department	Colorado Preschool Department	Total General Fund	Total General Fund	
			\$ 8,008,082	\$ 7,291,775	
			1,050,781	1,087,393	
\$ 81,403			3,207,053	3,102,595	
			20,143,527	18,572,489	
23	\$ 513	\$ 79	142,473	251,846	
			17,835	91,110	
	30,665	2,880	431,857	338,111	
81,426	31,178	2,959	33,001,608	30,735,319	
444		474,765	18,796,119	16,862,409	
16,904	806,913	27,964	12,997,980	11,508,284	
			40,365		
53,794		2,927	216,261	749,038	
770,220	-	44,367	1,029,120	2,033,957	
841,362	806,913	550,023	33,079,845	31,153,688	
(759,936)	(775,735)	(547,064)	(78,237)	(418,369)	
	3,303		3,303	5,217	
868,332	775,000	602,916	2,246,248	2,538,021	
			(2,246,248)	(2,538,021)	
			(132,978)	(151,013)	
868,332	778,303	602,916	(129,675)	(145,796)	
108,396	2,568	55,852	(207,912)	(564,165)	
371,118	382,476	35,029	10,096,155	10,660,320	
\$ 479,514	\$ 385,044	\$ 90,881	\$ 9,888,243	\$ 10,096,155	

Morgan County School District Re-3
Budgetary Comparison Schedule - Bond Redemption Fund
For The Fiscal Year Ended June 30, 2020

	June 30, 2020				June 30, 2019
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Actual Amounts
Revenue:					
Local Property Tax	\$ 3,200,000	\$ 3,175,525	\$ 3,127,323	\$ (48,202)	\$ 3,184,203
Interest Income	4,000	5,000		(5,000)	-
Other		-	27	27	30
Total Revenue	<u>3,204,000</u>	<u>3,180,525</u>	<u>3,127,350</u>	<u>(53,175)</u>	<u>3,184,233</u>
Expenditures:					
Paying Agent Fees	5,250	5,250	3,750	1,500	4,250
Debt Service:					
Principal on Debt	2,255,000	2,255,000	2,255,000	-	2,155,000
Interest on Debt	876,987	876,987	876,988	(1)	966,769
Total Expenditures	<u>3,137,237</u>	<u>3,137,237</u>	<u>3,135,738</u>	<u>1,499</u>	<u>3,126,019</u>
Net Change in Fund Balance	66,763	43,288	(8,388)	(51,676)	58,214
Beginning Fund Balance	<u>2,882,397</u>	<u>2,819,782</u>	<u>2,877,995</u>	<u>58,213</u>	<u>2,819,781</u>
Ending Fund Balance	<u>\$ 2,949,160</u>	<u>\$ 2,863,070</u>	<u>\$ 2,869,607</u>	<u>\$ 6,537</u>	<u>\$ 2,877,995</u>

Morgan County School District Re-3
Budgetary Comparison Schedule - Building Fund
For The Fiscal Year Ended June 30, 2020

	June 30, 2020			June 30, 2019	
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Actual Amounts
Revenues:					
Capital Financing - Leases					
Interest Income	\$ 30,000		30,386	\$ 30,386	
Other Revenue	-		3,047	3,047	\$ 39,956
	30,000	-	33,433	33,433	39,956
Expenditures:					
Contracted Services			110,563	(110,563)	2,017
Capital Outlay - Building Improvements	1,900,135	\$ 3,067,000	66,397	3,000,603	213,891
Capital Outlay		1,267,306	654,019	613,287	55,205
Grant Repayment - Net Federal Interest			2,426,666	(2,426,666)	2,766
Total Expenditures	1,900,135	4,334,306	3,257,645	1,076,661	273,879
Excess (Deficiency) of Revenues over Expenditures	(1,870,135)	(4,334,306)	(3,224,212)	(1,043,228)	(233,923)
Other Financing Sources (Uses):					
Capital Lease Proceeds		3,000,000	3,000,000		
Net Change in Fund Balance	(1,870,135)	(1,334,306)	(224,212)	(1,043,228)	(233,923)
Beginning Fund Balance	1,870,135	1,614,306	1,614,306	-	1,848,229
Ending Fund Balance	\$ -	\$ 280,000	\$ 1,390,094	\$ 1,110,094	\$ 1,614,306

Morgan County School District Re-3
Budgetary Comparison Schedule - Food Service Fund
For The Fiscal Year Ended June 30, 2020

	June 30, 2020				June 30, 2019
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Actual Amounts
Revenues					
School Meals	\$ 160,000	\$ 200,000	\$ 204,572	\$ (4,572)	\$ 208,590
Lunch Reimbursements	15,000	21,000	20,760	240	20,530
Federal Aid:				-	
School Lunch Program	900,000	900,000	702,796	197,204	899,892
Donated Commodities	115,659	112,000	119,266	(7,266)	111,948
School Breakfast Program	370,000	374,000	265,594	108,406	373,189
Other Food Service Grants	34,000	34,000	13,823	20,177	34,804
State Aid:				-	
Child Nutrition Match	15,000	15,000	14,776	224	14,637
Start Smart	7,000	7,000	4,851	2,149	6,186
COVID 19	-	-	311,492	(311,492)	
K-12 Reduced	11,000	11,000	10,948	52	11,352
Interest Income	4,000	6,000	3,737	2,263	5,421
Inter Fund Reimbursements	40,000	35,000	26,901	8,099	34,028
Other Revenue	-	-	23,757	(23,757)	1,930
Total Revenues	1,671,659	1,715,000	1,723,273	8,273	1,722,507
Expenditures					
Salaries	544,003	597,426	659,896	(62,470)	530,557
Employee Benefits	251,633	271,154	296,713	(25,559)	252,542
Repairs & Maintenance	7,000	7,000	6,750	250	6,568
Purchased Services	3,000	3,000	1,820	1,180	3,101
Travel	2,000	2,000	567	1,433	1,530
Supplies & Materials	65,000	52,741	32,794	19,947	58,500
Food Costs:					
Food and Milk	710,000	720,000	730,677	(10,677)	713,730
Commodities	115,659	115,659	119,266	(3,607)	111,948
Commodities Fees	4,600	4,600	4,215	385	4,532
Capital Equipment	70,000	126,000	151,182	(25,182)	20,240
Non Capital Equipment	25,000	25,000	4,579	20,421	9,109
Other	9,000	9,000	1,802	7,198	5,548
Indirect Cost	50,000	33,000	-	33,000	-
Total Expenditures	1,856,895	1,966,580	2,010,261	(43,681)	1,717,905
Net Change in Fund Balance	(185,236)	(251,580)	(286,988)	(35,408)	4,602
Beginning Fund Balance	567,277	707,574	712,176	4,602	707,574
Ending Fund Balance	\$ 382,041	\$ 455,994	\$ 425,188	\$ (30,806)	\$ 712,176

Morgan County School District Re-3
Budgetary Comparison Schedule - Private-Purpose Trust Fund
For The Fiscal Year Ended June 30, 2020

	June 30, 2020				June 30, 2019
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Actual Amounts
Additions:					
Contributions and Donations	\$ 225,000	\$ 265,000	\$ 203,800	\$ (61,200)	\$ 228,954
Interest Income	400	400	851	451	802
Total Additions	<u>225,400</u>	<u>265,400</u>	<u>204,651</u>	<u>(60,749)</u>	<u>229,756</u>
Deductions:					
Scholarship Awards	<u>262,709</u>	<u>265,400</u>	<u>182,550</u>	<u>82,850</u>	<u>262,709</u>
Change in Net Position	(37,309)	-	22,101	22,101	(32,953)
Beginning Net Position	<u>117,858</u>	<u>117,858</u>	<u>117,859</u>	<u>1</u>	<u>150,812</u>
Ending Net Position	<u>\$ 80,549</u>	<u>\$ 117,858</u>	<u>\$ 139,960</u>	<u>\$ 22,102</u>	<u>\$ 117,859</u>

Morgan County School District Re-3
Statement of Changes in
Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Assets				
Cash and Investments	\$ 748,192	\$ 472,349	\$ 550,649	\$ 669,892
Accounts Receivable	437	11,424	437	11,424
Prepaid Expense	1,695	2,215	1,695	2,215
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 750,324</u>	<u>\$ 485,988</u>	<u>\$ 552,781</u>	<u>\$ 683,531</u>
Liabilities				
Due to Student/Community Organizations	\$ 427,779	\$ 404,264	\$ 389,659	\$ 442,384
Funds Held for Others	295,704	77,259	136,281	236,682
Total Funds Held For Others	<u>723,483</u>	<u>481,523</u>	<u>525,940</u>	<u>679,066</u>
Accounts Payable	26,841	4,465	26,841	4,465
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 750,324</u>	<u>\$ 485,988</u>	<u>\$ 552,781</u>	<u>\$ 683,531</u>



Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Board of Education
Morgan County School District RE-3
Fort Morgan, 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 Morgan County School District RE-3, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated February 19, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Morgan County School District RE-3's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Anderson & Whitney, P.C.

February 19, 2021



Independent Auditors' Report on Compliance for Each Major Federal Program and
Internal Control Over Compliance in Accordance with Uniform Guidance

Board of Education
Morgan County School District RE-3
Fort Morgan, Colorado

Report on Compliance for Each Major Federal Program

We have audited the compliance of Morgan County School District RE-3 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2020. Morgan County School District RE-3'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 the requirements of laws, regulations, contract, and grants 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; 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 Major Each Federal Program

In our opinion, Morgan County School District RE-3 complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2020.

Internal Control Over Compliance

The management of the Morgan County School District RE-3 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Morgan County School District RE-3's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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.

Anderson & Whitney, P.C.

February 19, 2021

MORGAN COUNTY SCHOOL DISTRICT RE-3

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2020

SUMMARY OF AUDITORS' RESULTS

- | | |
|--|--|
| ➤ Type of report issued on financial statements | Unmodified |
| ➤ Internal control over financial reporting: | |
| Material weaknesses identified | No |
| Significant deficiencies identified | None reported |
| ➤ Noncompliance material to the financial statements noted | No |
| ➤ Internal control over federal awards: | |
| Material weaknesses identified | No |
| Significant deficiencies identified | None reported |
| ➤ Type of report issued on major programs | Unmodified |
| ➤ Audit findings disclosed | None under 2 CFR 200.516(a) |
| ➤ Major programs | Child Nutrition Cluster
(10.553, 10.555 and 10.559) |
| ➤ Dollar threshold between Type A and Type B programs | \$750,000 |
| ➤ Low-risk auditee | Yes |

FINDINGS RELATED TO FINANCIAL STATEMENTS

- None

FINDINGS RELATED TO FEDERAL AWARDS

- None

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2020

PRIOR YEAR FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

- None
-

MORGAN COUNTY SCHOOL DISTRICT Re-3

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Grant Code	Expenditures	Pass-through To Subrecipients
U.S. Department of Health and Human Services				
Direct Program				
Head Start	93.600	N/A	\$ 138,392	\$ -0-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			138,392	-0-
U.S. Department of Agriculture				
Child Nutrition Cluster				
Passed Through State Department of Human Services				
Food Donation	10.555	N/A	119,266	-0-
Passed Through State Department of Education				
School Breakfast Program	10.553	4553	265,594	-0-
National School Lunch Program	10.555	4555	702,796	-0-
COVID-19 National School Lunch Program	10.555	4555	311,492	-0-
Summer Food Service Program for Children	10.559	4559	13,823	-0-
Subtotal Child Nutrition Cluster			1,412,971	-0-
Passed Through State Department of Public Health and Environment				
Child and Adult Care Food Program	10.558	N/A	21,322	-0-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,434,293	-0-
U.S. Department of Education				
Passed Through State Department of Education				
Title I	84.010	4010	512,006	-0-
Special Education Cluster				
Special Education	84.027	4027	664,543	-0-
Special Education - Preschool	84.173	4173	27,505	-0-
Subtotal Special Education Cluster			692,048	-0-
Special Education	84.181	5181	2,031	-0-
English Language Acquisition	84.365	4365/7365	61,390	-0-
Supporting Effective Instruction	84.367	4367	82,575	-0-
Student Support and Academic Enrichment Program	84.424	4424	25,149	-0-
Passed Through State Community College System				
Career and Technical Education	84.048	N/A	35,264	-0-
TOTAL U.S. DEPARTMENT OF EDUCATION			1,410,463	-0-
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ 2,983,148	\$ -0-

See the accompanying independent auditors' report.

MORGAN COUNTY SCHOOL DISTRICT Re-3

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020

NOTE (1) **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grants to the District that had expenditures during the fiscal year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. This schedule has been prepared on the full accrual basis of accounting. Grant revenues are recorded when the District has met the qualifications for the respective grants.

NOTE (2) **Subrecipients**

For the year ended June 30, 2020, the District did not pass through any federal grant awards to subrecipients.

NOTE (3) **Indirect Cost Rate**

The District does not charge a de-minimis indirect cost rate.

NOTE (4) **Non-Cash Programs (Commodities)**

Commodities donated to the District by the U.S. Department of Agriculture (USDA) of \$119,266 are valued based on the USDA's Donated Commodity Price List. These are shown as part of the National School Lunch program (10.555).



Colorado Department of Education
Auditors Integrity Report
 District: 2405 - Fort Morgan Re-3
 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	9,678,650	31,456,577	31,722,911	9,412,316
18 Risk Mgmt Sub-Fund of General Fund	382,477	809,481	806,913	385,045
19 Colorado Preschool Program Fund	35,028	605,875	550,022	90,881
Sub- Total	10,096,155	32,871,933	33,079,846	9,888,242
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main, Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	712,175	1,696,372	1,983,360	425,187
22 Govt Designated-Purpose Grants Fund	302,617	1,831,881	1,861,758	272,741
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	2,877,994	3,127,350	3,135,738	2,869,607
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	1,614,307	3,033,434	3,257,646	1,390,094
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	15,603,248	42,560,970	43,318,347	14,845,871
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	117,859	204,651	182,550	139,959
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	723,483	481,522	525,939	679,067
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	841,342	686,173	708,489	819,026

FINAL