

**GEORGETOWN COMMUNITY SCHOOL**

**BASIC FINANCIAL STATEMENTS**

**June 30, 2020**

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## JOHN CUTLER & ASSOCIATES

Board of Directors  
Georgetown Community School  
Georgetown, Colorado

### INDEPENDENT AUDITORS' REPORT

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Georgetown Community School, component unit of Clear Creek School District RE-1, 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 of the School, as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

#### Opinions

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

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of the school's proportionate share, and the schedule of the school's contributions on pages 38-42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*John Luttir & Associates, LLC*

December 14, 2020

Georgetown Community School (A component unit of the Clear Creek  
School District RE 1, of Clear Creek County, Colorado)  
Management's Discussion and Analysis (Unaudited)  
As of and for the Year Ended June 30, 2020

As management of Georgetown Community School (the School), we offer readers of the School's basic financial statements this narrative and analysis of the financial activities of the School as of and for the year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information provided in the basic financial statements.

## **Financial Highlights**

The year ended June 30, 2020 is the fourteenth year of operations for the School. As of June 30, 2020, net position has improved by \$235,305 over the prior year. The ending net position was a negative (\$2,229,221) due to the implementation of the Governmental Accounting Standards Board Statement (GASB) 68, a pension standard and GASB 75, Other Post-Employment Benefits (OPEB). The operations of the School are funded primarily by tax revenue received under the State School Finance Act (the Act). State Per Pupil Revenue (PPR) for the year was \$811,433. The General Fund ending fund balance at June 30, 2020 was \$568,791 reflecting an increase of \$82,527 or 16.9%.

## **Overview of Basic Financial Statements**

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The basic statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

### ***Government-wide Financial Statements***

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

The statement of net position presents information on all the School's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the assets/deferred outflows of resources and liabilities/deferred inflows of resources being reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial condition of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenue and expenses are reported in the statement for some items that will only result in cash flows in future periods (for example, salaries and benefits earned but unpaid as of year end).

### ***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The School maintains one governmental fund, the General Fund.

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School District RE 1, of Clear Creek County, Colorado)  
Management's Discussion and Analysis (Unaudited)  
As of and for the Year Ended June 30, 2020

The School adopts an annual budget for the General fund. Budgetary comparisons have been provided for the General fund on page 38 in the required supplementary information to demonstrate compliance with the budget.

**Notes to Basic Financial Statements**

The notes on pages 6 through 37 provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**Government-wide Financial Analysis**

As noted previously, net position may serve over time as a useful indicator of the School's financial position. As of June 30, 2020, the School's liabilities exceeded assets by \$2,229,221 (a negative net position). \$44,341 of this total is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. Accordingly, these funds are not available to satisfy general operating expenses of the School. The unrestricted net position balance is a negative (\$2,430,807) due to the implementation of GASB 68 and GASB 75.

Net position as of June 30, 2020 and 2019 is as follows:

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and Investments	\$ 476,949	\$ 483,490
Accounts Receivables	12,641	30,903
Due from District	171,078	35,233
Prepaid Items	3,095	3,602
Capital Assets, Net of Depreciation	<u>84,532</u>	<u>89,604</u>
Total Assets	<u>748,295</u>	<u>642,832</u>
Deferred Outflows of Resources – Pensions/OPEB	<u>284,619</u>	<u>677,460</u>
<b>Liabilities</b>		
Accounts Payable	4,666	20,549
Unearned Revenue	46,358	207
Accrued Salaries and Benefits	43,948	46,208
Loan Payable – Due in One Year	61,713	-
Net Pension and OPEB Liability	<u>1,858,617</u>	<u>2,244,249</u>
Total Liabilities	<u>2,015,302</u>	<u>2,311,213</u>
Deferred Inflows of Resources – Pensions/OPEB	<u>1,246,833</u>	<u>1,473,605</u>

Georgetown Community School (A component unit of the Clear Creek  
School District RE 1, of Clear Creek County, Colorado)  
Management's Discussion and Analysis (Unaudited)  
As of and for the Year Ended June 30, 2020

Net Position		
Investment in Capital Assets	84,532	89,604
Restricted by Donor	11,000	11,000
Restricted for Emergencies	44,341	33,500
Restricted for PPP Expenditures	61,713	-
Unrestricted	<u>(2,430,807)</u>	<u>(2,598,630)</u>
 Total Net Position	 \$ <u><u>(2,229,221)</u></u>	 \$ <u><u>(2,464,526)</u></u>

Georgetown Community School (A component unit of the Clear Creek  
School District RE 1, of Clear Creek County, Colorado)  
Management's Discussion and Analysis (Unaudited)  
As of and for the Year Ended June 30, 2020

Change in net position for the years ended June 30, 2020 and 2019 are as follows:

	<b>2020</b>	<b>2019</b>
Revenues		
Program Revenues		
Charges for Services	\$ 75,948	\$ 120,705
Operating Grants and Contributions	63,252	102,927
Capital Grants and Contributions	<u>12,525</u>	<u>15,159</u>
Total Program Revenues	<u>151,725</u>	<u>238,791</u>
General Revenues		
Per Pupil Revenue	811,433	849,198
Mill Levy Revenue	314,426	98,089
Forest Service Revenue	59,769	69,871
Earnings on Investments	4,166	5,065
Other	<u>14,534</u>	<u>34,312</u>
Total General Revenues	<u>1,204,328</u>	<u>1,056,535</u>
Total Revenues	<u>1,356,053</u>	<u>1,295,326</u>
Expenditures/Expenses		
Current		
Instruction	653,987	734,423
School Administration	466,761	594,567
Other Operating Expenditures	<u>-</u>	<u>-</u>
Total Expenses	<u>1,120,748</u>	<u>1,328,990</u>
Increase (decrease) in Net Position	235,305	(33,664)
Net Position, Beginning of Year	<u>(2,464,526)</u>	<u>(2,430,862)</u>
Net Position, End of Year	<u><u>\$ (2,229,221)</u></u>	<u><u>\$ (2,464,526)</u></u>

## Financial Analysis of the School's Funds

The School has one governmental fund, the General Fund. The General Fund is considered a major fund and is used to account for the School's general operations. The General Fund began the year with a positive fund balance of \$486,264. Ending Fund Balance increased by \$82,527 due to operating within the given budget constraints and the receipt of the PPP loan.



Georgetown Community School (A component unit of the Clear Creek  
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Management's Discussion and Analysis (Unaudited)  
As of and for the Year Ended June 30, 2020

### **General Fund Budgetary Highlights**

The School budgeted General Fund expenditures of \$1,496,555 for the year ended June 30, 2020. Actual expenditures were \$1,327,644. Overall, revenue increased from the prior year by \$53,132 or 4.1%. General Fund expenditures declined 6% or by \$85,413 over the prior year.

There were no budget amendments for the General Fund during the year.

### **Capital Assets and Debt Administration**

The School leases its school facility and land under an operating agreement with the District at no cost other than utilities. The term of the agreement coincides with the School's charter renewal and expires in June, 2025. The School had no debt as of 6/30/20 other than the PPP loan which was forgiven in the fall of 2020.

The School had net capital assets of \$84,532 at 6/30/20. Total depreciation taken in FY20 was \$5,072.

### **Economic Factors, Next Year's Budget, Student Counts**

The primary factor driving the budget for the School is student enrollment. K-6 enrollment for FY18 was 110, 94 in FY19 and 85 for FY20. With FY21 enrollment landing at 89, the General Fund Balance will likely increase for the year. We are experiencing a rebound in Colorado's economy, since the Statewide economic shutdown in March. The Governor's budget was release in November. The budget is calling for an 12% increase in PPR for FY22. This is being driven by a reduction in the Budget Stabilization Factor or increase in State Share. The legislative session begins in January and we are hopeful the proposed increase remains.

### **Requests for Information**

The financial report is designed to provide a general overview of the School's finances for all those with an interest in the School. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Georgetown Community School, P.O. Box 129, Georgetown, Colorado 80444.

## **BASIC FINANCIAL STATEMENTS**

GEORGETOWN COMMUNITY SCHOOL

STATEMENT OF NET POSITION

As of June 30, 2020

	GOVERNMENTAL ACTIVITIES	
	2020	2019
ASSETS		
Cash and Investments	\$ 476,949	\$ 483,490
Accounts Receivable	12,641	30,903
Due from District	171,078	35,233
Prepaid Items	3,095	3,602
Capital Assets, Not Depreciated	-	-
Capital Assets, Depreciated, Net of Accumulated Depreciation	84,532	89,604
TOTAL ASSETS	748,295	642,832
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	267,757	655,548
Related to OPEB	16,862	21,912
TOTAL DEFERRED OUTFLOWS OF RESOURCES	284,619	677,460
LIABILITIES		
Accounts Payable	4,666	20,549
Unearned Revenues	46,358	207
Accrued Salaries and Benefits	43,948	46,208
Loan Payable		
Due in One Year	61,713	-
Noncurrent Liabilities		
Net Pension Liability	1,771,526	2,137,495
Net OPEB Liability	87,091	106,754
TOTAL LIABILITIES	2,015,302	2,311,213
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	1,229,630	1,473,443
Related to OPEB	17,203	162
TOTAL DEFERRED INFLOWS OF RESOURCES	1,246,833	1,473,605
NET POSITION		
Invested in Capital Assets	84,532	89,604
Restricted for Emergencies	44,341	33,500
Restricted for PPP Expenditures	61,713	-
Restricted by Donor	11,000	11,000
Unrestricted	(2,430,807)	(2,598,630)
TOTAL NET POSITION	\$ (2,229,221)	\$ (2,464,526)

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

GEORGETOWN COMMUNITY SCHOOL

STATEMENT OF NET POSITION

As of June 30, 2020

	GOVERNMENTAL ACTIVITIES	
	2020	2019
ASSETS		
Cash and Investments	\$ 476,949	\$ 483,490
Accounts Receivable	12,641	30,903
Due from District	171,078	35,233
Prepaid Items	3,095	3,602
Capital Assets, Not Depreciated	-	-
Capital Assets, Depreciated, Net of Accumulated Depreciation	84,532	89,604
TOTAL ASSETS	748,295	642,832
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	267,757	655,548
Related to OPEB	16,862	21,912
TOTAL DEFERRED OUTFLOWS OF RESOURCES	284,619	677,460
LIABILITIES		
Accounts Payable	4,666	20,549
Unearned Revenues	46,358	207
Accrued Salaries and Benefits	43,948	46,208
Loan Payable		
Due in One Year	61,713	-
Noncurrent Liabilities		
Net Pension Liability	1,771,526	2,137,495
Net OPEB Liability	87,091	106,754
TOTAL LIABILITIES	2,015,302	2,311,213
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	1,229,630	1,473,443
Related to OPEB	17,203	162
TOTAL DEFERRED INFLOWS OF RESOURCES	1,246,833	1,473,605
NET POSITION		
Invested in Capital Assets	84,532	89,604
Restricted for Emergencies	44,341	33,500
Restricted for PPP Expenditures	61,713	-
Restricted by Donor	11,000	11,000
Unrestricted	(2,430,807)	(2,598,630)
TOTAL NET POSITION	\$ (2,229,221)	\$ (2,464,526)

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

GEORGETOWN COMMUNITY SCHOOL

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2020

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2020	2019
<b>PRIMARY GOVERNMENT</b>						
<b>Governmental Activities</b>						
Instructional	\$ 653,987	\$ 75,948	\$ 63,252	\$ -	\$ (514,787)	\$ (510,791)
Supporting Services	466,761	-	-	12,525	(454,236)	(579,408)
Total Governmental Activities	<u>\$ 1,120,748</u>	<u>\$ 75,948</u>	<u>\$ 63,252</u>	<u>\$ 12,525</u>	<u>(969,023)</u>	<u>(1,090,199)</u>
GENERAL REVENUES						
					811,433	849,198
Per Pupil Revenue					314,426	98,089
Mill Levy					59,769	69,871
Forest Reserves					4,166	5,065
Interest					6,939	32,810
Other					7,595	1,502
Unrestricted State Aid						
TOTAL GENERAL REVENUES					<u>1,204,328</u>	<u>1,056,535</u>
CHANGE IN NET POSITION					235,305	(33,664)
NET POSITION, Beginning					<u>(2,464,526)</u>	<u>(2,430,862)</u>
NET POSITION, Ending					<u>\$ (2,229,221)</u>	<u>\$ (2,464,526)</u>

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

GEORGETOWN COMMUNITY SCHOOL

BALANCE SHEET  
ALL GOVERNMENTAL FUNDS  
June 30, 2020

	General Fund	
	2020	2019
ASSETS		
Cash and Investments	\$ 476,949	\$ 483,490
Accounts Receivable	12,641	30,903
Due from District	171,078	35,233
Prepaid Items	3,095	3,602
TOTAL ASSETS	<u>\$ 663,763</u>	<u>\$ 553,228</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 4,666	\$ 20,549
Accrued Salaries and Benefits	43,948	46,208
Unearned Revenues	46,358	207
TOTAL LIABILITIES	<u>94,972</u>	<u>66,964</u>
FUND BALANCES		
Nonspendable	3,095	3,602
Restricted for Emergencies	44,341	33,500
Restricted for PPP Expenditures	61,713	-
Restricted by Donor	11,000	11,000
Unassigned	448,642	438,162
TOTAL FUND BALANCES	568,791	486,264
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	84,532	89,604
Long-term liabilities and related assets related to pensions and OPEB are not due and payable in the current period and therefore, are not reported in the funds. This liability includes net pension liability (\$1,771,526), OPEB liability (\$87,091), deferred outflows related to pensions and OPEB \$284,619, and deferred inflows related to pensions OPEB (\$1,246,833) and Loan Payable of (\$61,713).	(2,882,544)	(3,040,394)
Net position of governmental activities	<u>\$ (2,229,221)</u>	<u>\$ (2,464,526)</u>

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

GEORGETOWN COMMUNITY SCHOOL

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUNDS  
Year Ended June 30, 2020

	General Fund	
	2020	2019
REVENUES		
Local Sources	\$ 1,221,775	\$ 1,111,046
State Sources	66,914	114,409
Federal Sources	59,769	69,871
TOTAL REVENUES	1,348,458	1,295,326
EXPENDITURES		
Instruction	787,894	776,613
Supporting Services	539,750	636,444
TOTAL EXPENDITURES	1,327,644	1,413,057
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	20,814	(117,731)
OTHER FINANCING SOURCES (USES)		
Proceeds from Forgivable Loan	61,713	-
NET CHANGE IN FUND BALANCES	82,527	(117,731)
FUND BALANCES, Beginning	486,264	603,995
FUND BALANCES, Ending	\$ 568,791	\$ 486,264

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

GEORGETOWN COMMUNITY SCHOOL

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2020

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

Net change in fund balances - total governmental funds	\$ 82,527
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount of depreciation expense for the year.	(5,072)
Loan proceeds are reported as financing sources in the governmental funds and increase fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not effect the statement of activities.	(61,713)
Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized.	<u>219,563</u>
Change in net position of governmental activities	<u><u>\$ 235,305</u></u>

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



GEORGETOWN COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period, not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Intergovernmental revenues, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the School.

Internally dedicated resources are reported as general revenues rather than as program revenues.

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

The School reports the following major governmental funds:

*General Fund*—This fund is the general operating fund of the School. It is used to account for all financial resources except those required to be accounted for in another fund.

GEORGETOWN COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Deferred Outflows/Inflows of Resources**

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

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

**Assets, Liabilities and Fund Balance/Net Position**

*Investments* – Investments are recorded at fair value.

*Receivables* – Receivables consists primarily of amounts owed from State and local governments. They are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

*Capital Assets* – Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property and equipment of the School is depreciated using the straight-line method over the estimated useful life of 20 years.

GEORGETOWN COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Assets, Liabilities and Fund Balance/Net Position** (Continued)

*Net Position* – The government-wide fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted. Investment in capital assets is intended to reflect the portion of net position, which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. Restricted net position is liquid assets, which have third party limitations on their use. Unrestricted net position represents assets that do not have any third-party limitations on their use.

*Fund Balance Classification* – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The School reports its Prepaid Items as nonspendable resources as of June 30, 2020.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The School also restricted funds received for the PPP for authorized expenditures.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School did not have any committed resources as of June 30, 2020.

GEORGETOWN COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Assets, Liabilities and Fund Balance/Net Position** (Continued)

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The School would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund balance.

**Compensated Absences**

The School's policy allows employees to accumulate personal leave. Effective July 1, 2020, employees may be paid for unused personal leave upon termination of employment with the School. No amounts have been accrued for this leave in the financial statements for the year ended June 30, 2020, however, this liability will be reported for the year ended June 30, 2021.

**Risk Management**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School purchases commercial insurance for these risks of loss. Settled claims have not exceeded coverage in the last three years.

**Comparative Data**

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the School's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

GEORGETOWN COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

A budget is adopted for all funds on a basis consistent with generally accepted accounting principles.

School management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget is adopted by the Board prior to June 30. Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the Board. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year-end.

**NOTE 3: CASH AND INVESTMENTS**

A reconciliation of the cash and investment components on the balance sheet to the cash and investments categories in this footnote are as follows:

Petty Cash	\$ 500
Deposits	213,134
Investments	<u>263,315</u>
Total Cash and Investments	<u>\$ 476,949</u>

**Deposits**

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2020, State regulatory commissioners have indicated that all financial institutions holding deposits for School are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held.

The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The School has no policy regarding custodial credit risk for deposits.

GEORGETOWN COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**NOTE 3: CASH AND INVESTMENTS** (Continued)

**Deposits** (Continued)

At June 30, 2019, the School had deposits with financial institutions with a carrying amount of \$213,134. The bank balances with the financial institutions were \$217,412, all of which was covered by federal depository insurance.

**Investments**

Local Government Investment Pool

The Academy had invested \$161,145 in the Colorado Surplus Asset Fund Trust (CSAFE) an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. CSAFE reports its underlying investments at amortized cost and is considered a qualifying external investment pool under GASB Statement 79. CSAFE operates similar to money market funds where each share is equal in value to \$1.00. The fair value of the position in the pools is the same as the value of the pooled shares.

CSAFE is rated AAAM by Standard and Poor's. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities are owned by the pools and held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pools. Investments of the pools comply with state statutes, consisting of U.S. Treasury bills, notes and note strips, repurchase agreements, U.S. Instrumentalities, Commercial Paper, Bank Deposits and Money Market Funds. CSAFE does not have any limitations or restrictions on participant withdrawals.

The Town had invested \$102,170 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

GEORGETOWN COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**NOTE 3: CASH AND INVESTMENTS** (Continued)

**Investments** (Continued)

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

Interest Rate and Credit Risk Policies

The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, or a formal policy to limit credit risk. However, they follow state statutes regarding investments.

Credit Risk

Colorado statutes specify in which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. Government Agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The above investments are authorized for all funds and fund types used by Colorado municipalities.

GEORGETOWN COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

**NOTE 4: CAPITAL ASSETS**

Capital Assets activity for the year ended June 30, 2019, is summarized below.

	Balance <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2020</u>
<b>Governmental Activities</b>				
Capital Assets, Depreciated Equipment and Improvements	\$ 140,784	\$ -	\$ -	\$ 140,784
Accumulated Depreciation Equipment and Improvements	51,180	5,072	-	56,252
Net Capital Assets, Depreciated	89,604	5,072	-	84,532
Net Capital Assets	<u>\$ 89,604</u>	<u>\$ 5,072</u>	<u>\$ -</u>	<u>\$ 84,532</u>

Depreciation has been charged to the Supporting Services program of the School.

**NOTE 5: ACCRUED SALARIES AND BENEFITS**

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August but are earned during a school year of approximately nine months. The salaries and benefits earned, but unpaid, as of June 30, 2020, were \$43,948 in the General Fund.

**NOTE 6: PPP LOAN PAYABLE**

On May 4, 2020, the School received a loan in the amount of \$61,713 from Evergreen Bank through the Small Business Administration's Paycheck Protection Program under Division A, Title I of the Coronavirus Aid Relief and Economic Security Act. ("CARES Act").

This loan has been recorded as a note payable as of June 30, 2020, however, the full amount of this loan was forgiven by the Small Business Administration on October 9, 2020.



GEORGETOWN COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**NOTE 7: DEFINED BENEFIT PENSION PLAN**

**Summary of Significant Accounting Policies**

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

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

**General Information about the Pension Plan**

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

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

GEORGETOWN COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**NOTE 7: DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan** (Continued)

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

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

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

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

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

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

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413.

GEORGETOWN COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**NOTE 7: DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan** (Continued)

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

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

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

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

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

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

GEORGETOWN COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

**NOTE 7: DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan** (Continued)

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from The School were \$130,689 for the year ended June 30, 2020.

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

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

At June 30, 2020, the School reported a liability of \$1,771,526 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

GEORGETOWN COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**NOTE 7: DEFINED BENEFIT PENSION PLAN** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

The School's proportionate share of the net pension liability	\$ 1,771,526
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School.	\$ 284,600
Total	<b>\$ 2,056,126</b>

At December 31, 2019, the School's proportion was 0.01186 percent, which was a decrease of 0.00021 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the School recognized pension income of \$91,301 and revenue of \$7,595 for support from the State as a nonemployer contributing entity. At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 96,549	N/A
Changes of assumptions or other inputs	\$ 50,574	\$ 803,547
Net difference between projected and actual earnings on pension plan investments	N/A	\$ 209,855
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$ 59,574	\$ 216,228
Contributions subsequent to the measurement date	\$ 61,060	N/A
Total	<b>\$ 267,757</b>	<b>\$ 1,229,630</b>

\$61,060 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

GEORGETOWN COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

**NOTE 7: DEFINED BENEFIT PENSION PLAN** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

Year ended June 30,	
2021	(\$ 536,854)
2022	(\$ 413,294)
2023	(\$ 1,398)
2024	(\$ 71,387)

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

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

<sup>1</sup> For 2019, the annual increase was 0.00 percent.

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

GEORGETOWN COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**NOTE 7: DEFINED BENEFIT PENSION PLAN** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

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

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

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

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

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

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

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

GEORGETOWN COMMUNITY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

**NOTE 7: DEFINED BENEFIT PENSION PLAN** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.



GEORGETOWN COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**NOTE 7: DEFINED BENEFIT PENSION PLAN** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State provides an annual direct distribution of \$225 million, which commenced July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

GEORGETOWN COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**NOTE 7: DEFINED BENEFIT PENSION PLAN** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 2,349,423	\$ 1,771,526	\$ 1,286,331

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

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

**Summary of Significant Accounting Policies**

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

GEORGETOWN COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**  
(Continued)

**General Information about the OPEB Plan**

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

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

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

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

GEORGETOWN COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**  
(Continued)

**General Information about the OPEB Plan (Continued)**

*PERA Benefit Structure*

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

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

*DPS Benefit Structure*

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

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

GEORGETOWN COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**  
(Continued)

**General Information about the OPEB Plan (Continued)**

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were \$6,878 for the year ended June 30, 2020.

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

At June 30, 2020, the School reported a liability of \$87,091 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the School's proportion was 0.00775 percent, which was a decrease of 0.00010% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the School recognized OPEB expense of \$9,307. At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

GEORGETOWN COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**  
(Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 289	\$ 14,634
Changes of assumptions or other inputs	\$ 723	N/A
Net difference between projected and actual earnings on OPEB plan investments	N/A	\$ 1,454
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$ 12,636	\$ 1,115
Contributions subsequent to the measurement date	\$ 3,214	N/A
Total	<b>\$ 16,862</b>	<b>\$ 17,203</b>

\$3,214 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended, June 30,</b>	
2021	\$ 623
2022	\$ 623
2023	\$ 1,045
2024	(\$ 2,622)
2025	(\$ 3,038)
Thereafter	(\$ 186)

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

GEORGETOWN COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**  
(Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

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

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

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

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

GEORGETOWN COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**  
(Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

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

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

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

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

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators.



GEORGETOWN COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**  
(Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

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

GEORGETOWN COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**  
(Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

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

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

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

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

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

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

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

GEORGETOWN COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**  
(Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

GEORGETOWN COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**  
(Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

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

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

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

GEORGETOWN COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**  
(Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	<b>\$ 85,022</b>	<b>\$ 87,091</b>	<b>\$ 89,481</b>

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

GEORGETOWN COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

**NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**  
(Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	<b>\$ 98,473</b>	<b>\$ 87,091</b>	<b>\$ 77,356</b>

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

GEORGETOWN COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

**NOTE 9: COMMITMENTS AND CONTINGENCIES**

**Claims and Judgments**

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

**Tabor Amendment**

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The School believes it has complied with the Amendment. As required by the Amendment, the School has established a reserve for emergencies. At June 30, 2020, the reserve of \$44,341 was recorded as a reservation of fund balance in the General Fund.

**NOTE 10: DEFICIT NET POSITION**

The Net Position of the government type activities is in a deficit position of \$2,229,221 due to the School including the Net Pension Liability per GASB No. 68.

**NOTE 11: SUBSEQUENT EVENTS**

**COVID-19**

As a result of the coronavirus pandemic (COVID-19), economic uncertainties may have economic implications on the financial position, results of operations and cash flows of the School. The duration of these uncertainties and the ultimate financial effects cannot be estimated at this time.

## **REQUIRED SUPPLEMENTARY INFORMATION**



GEORGETOWN COMMUNITY SCHOOL

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2020

	2020		VARIANCE Positive (Negative)	2019 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Local Sources				
Earnings on Investments	\$ 6,800	\$ 4,166	\$ (2,634)	\$ 5,065
Tuition and Fees	176,450	75,948	(100,502)	120,705
Per Pupil Operating Revenue	840,928	811,433	(29,495)	849,198
Mill Levy	307,836	314,426	6,590	98,089
Grants and Donations	15,000	8,863	(6,137)	3,677
Other Revenue	85,900	6,939	(78,961)	34,312
State Sources				
Grants and Donations	45,119	66,914	21,795	114,409
Federal Sources				
Grants and Donations	18,522	59,769	41,247	69,871
TOTAL REVENUES	1,496,555	1,348,458	(148,097)	1,295,326
EXPENDITURES				
Salaries	690,315	689,122	1,193	699,536
Employee Benefits	246,834	258,142	(11,308)	264,559
Purchased Services	341,172	302,866	38,306	283,858
Supplies and Materials	64,250	49,682	14,568	73,707
Property and Other	109,850	27,832	82,018	91,397
Reserves	44,134	-	44,134	-
TOTAL EXPENDITURES	1,496,555	1,327,644	168,911	1,413,057
EXCESS OF REVENUES OVER EXPENDITURES	-	20,814	20,814	(117,731)
OTHER FINANCING USES				
Proceeds from Forgivable Loan	-	61,713	61,713	-
NET CHANGE IN FUND BALANCES	-	82,527	20,814	(117,731)
FUND BALANCE, Beginning	486,264	486,264	-	603,995
FUND BALANCE, Ending	\$ 486,264	\$ 568,791	\$ 20,814	\$ 486,264

See the accompanying independent auditors' report.

GEORGETOWN COMMUNITY SCHOOL

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE  
SCHOOL DIVISION TRUST FUND

Years Ended December 31,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
School's proportionate share of the Net Pension Liability	0.0131%	0.0122%	0.0116%	0.0125%	0.0134%	0.0121%	0.0119%
School's proportionate share of the Net Pension Liability	\$ 1,674,350	\$ 1,648,393	\$ 1,773,439	\$ 3,728,764	\$ 4,329,319	\$ 2,137,495	\$ 1,771,526
State of Colorado's Proportionate Share of the Net Pension Liability associated with the School	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>292,273</u>	<u>284,600</u>
Total portion of the Net Pension Liability associated with the School	1,674,350	1,648,393	1,773,439	3,728,764	4,329,319	2,429,768	2,056,126
School's covered payroll	\$ 526,569	\$ 509,515	\$ 505,325	\$ 562,066	\$ 617,589	\$ 699,608	\$ 696,693
School's proportionate share of the Net Pension Liability as a percentage of its covered payroll	318.0%	323.5%	351.0%	663.4%	701.0%	347.3%	295.1%
Plan fiduciary net position as a percentage of the total pension liability	64.1%	62.8%	59.2%	43.1%	44.0%	57.0%	64.5%

Notes:

This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

GEORGETOWN COMMUNITY SCHOOL

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS  
SCHOOL DIVISION TRUST FUND

Years Ended June 30,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Statutorily required contributions	\$ 85,513	\$ 87,770	\$ 100,393	\$ 109,534	\$ 119,132	\$ 134,416	\$ 130,689
Contributions in relation to the Statutorily required contributions	<u>85,513</u>	<u>87,770</u>	<u>100,393</u>	<u>109,534</u>	<u>119,132</u>	<u>134,416</u>	<u>130,689</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 502,800	\$ 490,753	\$ 535,451	\$ 595,864	\$ 631,030	\$ 699,608	\$ 674,348
Contributions as a percentage of covered payroll	17.01%	17.88%	18.75%	18.38%	18.88%	19.21%	19.38%

Notes:

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

GEORGETOWN COMMUNITY SCHOOL

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE  
HEALTH CARE TRUST FUND

Years Ended December 31,

	2016	2017	2018	2019
School's proportionate share of the Net OPEB Liability	0.0071%	0.0076%	0.0079%	0.0077%
School's proportionate share of the Net OPEB Liability	\$ 92,292	\$ 98,863	\$ 106,754	\$ 87,091
School's covered payroll	\$ 562,066	\$ 617,589	\$ 699,608	\$ 696,693
School's proportionate share of the Net OPEB Liability as a percentage of its covered payroll	16.4%	16.0%	15.3%	12.5%
Plan fiduciary net position as a percentage of the total OPEB liability	16.7%	17.5%	17.0%	24.5%

Notes:

This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

GEORGETOWN COMMUNITY SCHOOL  
SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS  
HEALTH CARE TRUST FUND

Years Ended June 30,

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Statutorily required contributions	\$ 6,078	\$ 6,437	\$ 7,136	\$ 6,878
Contributions in relation to the Statutorily required contributions	<u>6,078</u>	<u>6,437</u>	<u>7,136</u>	<u>6,878</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
School's covered payroll	\$ 595,864	\$ 631,030	\$ 699,608	\$ 674,348
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

Notes:

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.