

cPa DIXON, WALLER & CO., INC.

BACA COUNTY SCHOOL DISTRICT

NUMBER RE-3

PRITCHETT, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2021

DIXON, WALLER & CO., INC.

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BACA COUNTY SCHOOL DISTRICT
NUMBER RE-3

FINANCIAL STATEMENTS

JUNE 30, 2021

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BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
ROSTER OF SCHOOL OFFICIALS
June 30, 2021

BOARD OF EDUCATION

Mark Crane	President
Christy Eskew	Vice-President
Cole Eskew	Treasurer
Jozy Stegman	Secretary
Brett Wilson	Member

SCHOOL OFFICIALS

William Carwin	Superintendent
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FINANCIAL SECTION

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TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

INDEPENDENT AUDITOR'S REPORT

Board of Education
Baca County School District Number RE-3
Pritchett, CO 81064

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Baca County School District Number RE-3, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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, each major fund, and the aggregate remaining fund information of the Baca County School District Number RE-3, as of June 30, 2021, 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, budgetary comparison information and pension and other post employment benefit trend data on pages i through vi and 42 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Baca County School District Number RE-3's basic financial statements. The combining and individual fund financial statements, other schedules, and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



Trinidad, Colorado
January 14, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Pritchett School District RE-3
Management's Discussion and Analysis
Fiscal Year 2020-2021**

The administration and management of the Pritchett School District offers the following overview and analysis of the financial activities within the District for the fiscal year ending June 30, 2021. We encourage readers to examine the information presented in this report to gain a better understanding of the District's financial status.

Financial Highlights

District revenues for 2020-21 operations were primarily generated by property taxes and state equalization payments. However, the District did apply and was awarded a BEST grant in the amount of \$3,910,682 for district safety, security, and facility projects in the 2019-20 school year. Of the total grant, \$1,767,284 was recognized in 2020-21. Excluding this one-time grant revenue from the percentage calculations to follow, local taxes, making up 37.0% of total operating revenue, totaled \$527,246, an increase of \$72,160 from 2019-20. State aid, 32.1% of total operating revenue, decreased \$97,033 to \$456,635 while federal aid, 14.7% of total operating revenue, increased \$155,844 to \$209,394. Other local revenue totaled \$231,002 making up the remaining 16.2% of total revenue.

- ❖ The District was awarded a Building Excellent School Today (BEST) grant from the Colorado Department of Education in 2019-20 for \$3,910,682
- ❖ The District, as part of the matching requirement for the BEST grant, secured long-term debt for \$150,000 in 2019-20
- ❖ The District has \$927,774 in cash and investments compared to \$1,140,779 the prior year

Overview of the Financial Statements

This annual report will discuss both district-wide financial statements, and specific fund financial statements. The district-wide financial statements present a general description of the District's assets and liabilities, and how they have changed during the past fiscal year. Such a statement may be used to indicate whether the financial position of the Pritchett School District is improving or deteriorating. However, financial statements are only one indicator of fiscal health. Other factors which affect the health of the school district include, but are not limited to: pupil enrollment, changes in the District's property tax base, and the overall condition of the District's facilities and equipment.

Governmental activities are those which are supported by taxes and other forms of government revenue. Almost all district services fall into this category. Governmental activities within the District include regular and special education, transportation, and administration.

The fund financial statements provide more detailed information about district funds. District revenues and expenditures are divided into specific funds to track mandated expenditures and transfers, as well as to provide clarity and tracking capability. Fund financial statements provide evidence of compliance with state and federal finance requirements. The District divides its funds into two categories: governmental funds and fiduciary funds.

Governmental funds compose the majority of all district funds. The Pritchett School District maintains the following governmental funds: The General fund, the Colorado Preschool fund, the Food Service fund, the

Pupil Activity fund and the Building Fund. Maintaining these specific funds allows the District to track revenues and expenditures more closely and ensures that all state and federal regulations are being followed.

Fiduciary funds may be thought of as stewardship funds. In a fiduciary fund, the money is being held by the district for another organization or entity. Student activity funds and scholarship funds are both examples of fiduciary funds. Pritchett school district does not have any fiduciary funds.

District-Wide Financial Analysis

Table 1 reports the net position of the district for fiscal years 2020 and 2021.

Table 1:

NET POSITION			
	2021	2020	
	Governmental Activities	Governmental Activities	NET CHANGE
ASSETS			
Current and Other Assets	1,264,444	2,911,307	(1,646,863)
Capital Assets	4,142,817	2,288,398	1,854,419
Total Assets	5,407,261	5,199,705	207,556
Deferred Outflows	402,112	616,928	(214,816)
LIABILITIES			
Current and Other Liabilities	1,709,016	3,695,332	(1,986,316)
Long Term Liabilities	129,882	137,141	(7,259)
Total Liabilities	1,838,898	3,832,473	(1,993,575)
Deferred Inflows	1,030,726	1,300,342	(269,616)
NET POSITION			
Net Investment in Capital Assets	4,012,935	2,151,257	1,861,678
Restricted for:			
Tabor Reserve	89,500	44,500	45,000
Preschool	-	-	-
Food Service	29,831	17,932	11,899
Capital Outlay	-	92,125	(92,125)
Unrestricted	(1,192,517)	(1,621,996)	429,479
	2,939,749	683,818	2,255,931

The District's net position increased \$2,255,931 from the prior year mainly due to the District receiving the BEST grant. The General fund balance increased \$10,912 indicating an improvement in the financial condition of the District. While the Budget Stabilization Factor has decreased in recent years, the District continues to experience budgetary challenges with increased building maintenance, repair costs, replacing transportation vehicles and recruiting and retaining teachers and staff. The BEST grant construction/renovations will contribute to the District maintaining financial stability by reducing building maintenance and repair costs.

As Table 2 reflects most of the District's operating revenue came from state aid and property taxes in 2021. Funded pupil count for 2020-21 was 56.5 including Colorado Preschool and the full-day kindergarten. State equalization is calculated on several factors including at-risk student enrollment, district size, and total school enrollment. A mill levy override was proposed for the fall of 2010 to assist the District in balancing a continued deficit budget. The mill levy override, producing \$100,000 annually, was supported with a positive vote by 64% of the school district voters.

	2021	2020	
	Governmental Activities	Governmental Activities	NET CHANGE
Revenues			
Charges for Services	118,158	85,585	32,573
Operating Grants and Contributions	240,163	140,090	100,073
Capital Grants and Contributions	1,767,284	2,049,622	(282,338)
Property taxes	527,246	455,086	72,160
Specific Ownership Taxes	54,267	54,617	(350)
Equalization	456,635	553,668	(97,033)
Earnings on investments	1,794	3,337	(1,543)
Other Revenues	26,014	45,316	(19,302)
Transfers	-	-	-
TOTAL REVENUES	3,191,561	3,387,321	(195,760)
Expenses			
Instructional services	551,351	559,309	(7,958)
Students	88,490	102,184	(13,694)
Instructional staff	37,768	36,492	1,276
District administration	374,240	184,613	189,627
School administration	-	-	-
Business	46,505	74,082	(27,577)
Operation and maintenance of facilities	138,897	134,265	4,632
Transportation	49,692	57,197	(7,505)
Central	34,850	34,805	45
Capital outlay	-	-	-
Interest on Long Term Liabilities	5,631	-	5,631
Food Service	55,541	50,561	4,980
Pension and OPEB Expense	(447,335)	(211,945)	(235,390)
TOTAL EXPENSES	935,630	1,021,563	(85,933)
Increase (Decrease) in Net Position	2,255,931	2,365,758	(109,827)

The table below shows the total and net cost for providing various services throughout the District. The net cost reflects the amount of money that district taxpayers contribute to provide these services. Of course, the difference between the total cost of services and the net cost of services is provided by State, Federal, and private grants.

Table - 3 Governmental Activities by Major Function

	2021		2020	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instructional services	551,351	311,188	559,309	453,575
Students	88,490	18,145	102,184	31,513
Instructional staff	37,768	37,768	36,492	36,492
District administration	374,240	374,240	184,613	184,613
School administration	-	-	-	-
Business	46,505	46,505	74,082	74,082
Operation and maintenance of facilities	138,897	125,907	134,265	122,104
Transportation	49,692	49,692	57,197	45,827
Central	34,850	34,850	34,805	34,805
Food Service	55,541	20,718	50,561	24,822
Capital outlay	-	(1,767,284)	-	(2,049,622)
Interest on Long Term Liabilities	5,631	5,631	-	-
Pension and OPEB Expense	(447,335)	(447,335)	(211,945)	(211,945)
TOTAL	935,630	(1,189,975)	1,021,563	(1,253,734)

Table 3. Governmental Activities

Due to the small size of the District, the Food Service fund will always require General fund support in order to operate. The cost of staff and supplies is too great to be compensated for with charges for services and operating grants and contributions.

Financial Analysis of the District's Funds

General information about the Pritchett School District's funds are included in this report. All funds are accounted for using the modified accrual basis of accounting. The General fund balance has been steadily increasing since 2014-2015. In the 2020-21 school year the fund balance increased to a total of \$809,612 compared to \$798,700 the prior year. Based on current enrollment and funding projections, the District will need to continue to adjust its revenue and expenses structure in order to remain solvent over time.

General Fund Budgetary Highlights

The Pritchett School District approved the budget in June 2020, based on anticipated enrollment, revenue and expenditures. In January 2021, a final revised budget was approved. A total appropriation of \$2,196,837 was approved by the Board of Education for the General Fund.

Assets

At the end of the 2020-21 fiscal year, the Pritchett School District had \$5,451,830 in total assets in the General Fund, \$57,710 in the Food Service Fund and \$10,087 in the Pupil Activities Fund.

Capital Assets (Net Depreciation)

Table 4 - Capital Assets (Net of Depreciation)			
	Government Activities		
	2020-2021	2019-2020	NET CHANGE
Land and Sites	11,600	11,600	0
Construction in Progress	4,017,796	2,157,498	1,860,298
Buildings & Improvements	38,259	44,844	(6,585)
Equipment & Vehicles	64,451	61,603	2,848
Food Service Equipment	10,711	12,853	(2,142)
Total Capital Assets	4,142,817	2,288,398	1,854,419

Long-term Debt

During the 2020-21 school year, the Pritchett School District secured an equipment lease purchase agreement in the amount of \$150,000 as a matching requirement for the BEST grant. The average effective implied lease fixed interest rate is 3.80%. The lease term is 14 years beginning May 1, 2020 and ending on May 25, 2034. Principal and interest payments are due annually for \$12,890. As of June 30, 2021, the outstanding debt is \$129,882.

Factors Bearing on the District's Future

There remain many factors that could dramatically affect the District's financial health and ability to provide quality services in the future.

- ❖ Enrollment trend analysis within the Pritchett School District indicates that enrollment had been decreasing, resulting in a reduction in revenue from the funded pupil count. However, enrollment has been increasing for the pupil count beginning with the 2018-2019 school year.
- ❖ Economic conditions within Baca County, the State of Colorado, and the nation as a whole continue to remain in an economic downturn. The impact of this trend on small school districts cannot be underestimated. State and district general fund revenues will probably continue to decline until

economic conditions improve. However, this is somewhat offset by a continued increase in funded pupil count which increases to 60 in 2021-22 from 56.5 in 2020-21.

- ❖ Early in 2020 the Coronavirus (known as Covid-19) began to spread to the United States and quickly grew to pandemic proportions. As a result, schools across the nation were ordered to close by state governors with remote instruction implemented for the fourth quarter of 2019-2020 school year. At the beginning of the 2020-21 school year, schools implemented new sanitation and safety precautions. Federal grants were awarded to defray the added costs.
- ❖ The District needs to closely monitor its financial position as expected revenues may now be further impacted by Covid-19's effect on the state's economy as businesses have reopened and we see the beginning of inflationary pressures as the economy readjusts. The effects on the state's sales and income tax revenues which fund the state equalization for Colorado schools is not yet known.
- ❖ The Pritchett School District continues to receive accreditation ratings from the Colorado Dept. of Education. Based on student achievement factors considered for accreditation through the Unified Improvement Planning process, the District is still fully accredited and in good standing with the Department of Education.
- ❖ The Pritchett community did support the school district in the 2010 fall election by approving a mill levy override that will contribute an estimated \$100,000 dollars annually as the mill increase is affected. This financial gain was intended to balance the school's budget, but with continued state budget fluctuations, the mill will only partly balance our budget.

GASB 75 and 68 Impact

Under GASB 75 the District's proportionate share of the OPEB liability of the Colorado state retirement system Health Care Trust Fund administered by the Public Employees Retirement Association (PERA), is recorded as a liability of the District. The District's net post-employment benefits liability decreased to \$46,211 for 2021 from \$80,155 for 2020.

Under GASB 68 the District's proportionate share of the net pension liability of the Colorado state retirement system, PERA, is recorded as a liability of the District. The District's net pension liability decreased to \$1,272,804 for 2021 compared to \$1,631,395 the prior year.

Contacting the District's Financial Management

The financial information in this report is designed to provide citizens with a general overview of the District's finances, and to provide accountability for the revenue the District receives. If you have any questions about the information in this report, please contact Bill Carwin, Superintendent of Schools at PO Box 7, Pritchett, Colorado, 81064.

BASIC FINANCIAL STATEMENTS

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
STATEMENT OF NET POSITION
June 30, 2021

	<u>Governmental Activities</u>	<u>Total</u>
<u>ASSETS:</u>		
Cash and Investment	927,774	927,774
Accounts Receivable	15,292	15,292
Receivables - Other	5	5
Accrued Revenue	305,115	305,115
Property Taxes Receivable	14,650	14,650
Inventories	1,608	1,608
Capital Assets	5,519,627	5,519,627
Accumulated Depreciation	(1,376,810)	(1,376,810)
<u>Total Assets</u>	<u>5,407,261</u>	<u>5,407,261</u>
 <u>DEFERRED OUTFLOW OF RESOURCES</u>		
Pension	390,327	390,327
Other Post Employment Benefits	11,785	11,785
<u>Total Deferred Outflow of Resources</u>	<u>402,112</u>	<u>402,112</u>
 <u>LIABILITIES</u>		
Accounts Payable	273,118	273,118
Accrued Salaries	82,016	82,016
Compensated Absences	-	-
Unearned Revenue	34,867	34,867
Net Pension Liability	1,272,804	1,272,804
Net Other Post Employment Benefits Liability	46,211	46,211
Long Term Liabilities:		
Due Within One Year	7,886	7,886
Due in More than One Year	121,996	121,996
<u>Total Liabilities</u>	<u>1,838,898</u>	<u>1,838,898</u>
 <u>DEFERRED INFLOW OF RESOURCES</u>		
Pension	989,827	989,827
Other Post Employment Benefits	40,899	40,899
<u>Total Deferred Inflow of Resources</u>	<u>1,030,726</u>	<u>1,030,726</u>
 <u>NET POSITION</u>		
Net Investment in Capital Assets	4,012,935	4,012,935
Restricted for:		
TABOR Reserve	89,500	89,500
Food Service	29,831	29,831
Capital Outlay	-	-
Unrestricted	(1,192,517)	(1,192,517)
<u>TOTAL NET POSITION</u>	<u>2,939,749</u>	<u>2,939,749</u>

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and Investments	871,311	13,240	43,223	927,774
Accounts Receivable	6,689	5	8,603	15,297
Accrued Revenue	62,627	236,036	6,452	305,115
Due from Other Funds	5,760	13,867	12,851	32,478
Property Taxes Receivable	14,650	-	-	14,650
Inventories	-	-	1,608	1,608
<u>Total Assets</u>	<u>961,037</u>	<u>263,148</u>	<u>72,737</u>	<u>1,296,922</u>
<u>LIABILITIES</u>				
Accounts Payable	22,453	246,955	3,710	273,118
Accrued Salaries	78,765	-	3,251	82,016
Due to Other Fund	25,423	-	7,055	32,478
Unearned Revenue	17,784	17,083	-	34,867
<u>Total Liabilities</u>	<u>144,425</u>	<u>264,038</u>	<u>14,016</u>	<u>422,479</u>
<u>DEFERRED INFLOW OF RESOURCES</u>				
Property Taxes	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>7,000</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Inventories	-	-	1,608	1,608
Restricted for:				
Emergencies	89,500	-	-	89,500
Preschool	-	-	-	-
Food Service	-	-	29,831	29,831
Capital Outlay	-	-	-	-
Committed for:				
Scholarships	50,000	-	-	50,000
Assigned for:				
Activities	-	-	27,282	27,282
Unassigned	670,112	(890)	-	669,222
<u>Total Fund Balances</u>	<u>809,612</u>	<u>(890)</u>	<u>58,721</u>	<u>867,443</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>	<u>961,037</u>	<u>263,148</u>	<u>72,737</u>	<u>1,296,922</u>

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2021

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

<u>TOTAL FUND BALANCE – GOVERNMENTAL FUNDS</u>	867,443
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$5,519,627 and the accumulated depreciation is \$1,376,810.	4,142,817
Property tax revenue is recognized when earned (claim to resources established) rather than when “available”. All of the deferred property tax is not available.	7,000
Long Term Debt is not recorded at the fund level.	(129,882)
Net pension and other post employment benefits liabilities, along with associated deferred flows, are not recorded at the fund level:	
Net Pension Liability	(1,272,804)
Net Other Post Employment Benefits Liability	(46,211)
Deferred Outflows	402,112
Deferred Inflows	<u>(1,030,726)</u>
<u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u>	<u>2,939,749</u>

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

<u>REVENUES</u>	<u>General Fund</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Property Taxes	527,746	-	-	527,746
Specific Ownership Taxes	54,267	-	-	54,267
Earnings on Investments	1,794	-	-	1,794
Other Local Sources	39,004	-	77,515	116,519
State Aid	514,065	1,767,284	992	2,282,341
Federal Aid	182,733	-	26,661	209,394
<u>Total Revenues</u>	<u>1,319,609</u>	<u>1,767,284</u>	<u>105,168</u>	<u>3,192,061</u>
 <u>EXPENDITURES</u>				
<u>Current:</u>				
Instructional Services	547,196	-	-	547,196
Supporting Services:				
Students	6,500	-	81,990	88,490
Instructional Staff	37,768	-	-	37,768
District Administration	374,240	-	-	374,240
School Administration	-	-	-	-
Business	46,505	-	-	46,505
Operation & Maintenance of Facilities	134,979	-	-	134,979
Transportation	54,027	-	-	54,027
Central	34,850	-	-	34,850
Food Service	5,156	-	48,243	53,399
Debt Service:				
Principal Retirement	7,259	-	-	7,259
Interest and Fiscal Charges	5,631	-	-	5,631
Capital Outlay	-	1,860,299	-	1,860,299
<u>Total Expenditures</u>	<u>1,254,111</u>	<u>1,860,299</u>	<u>130,233</u>	<u>3,244,643</u>
 <u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	 <u>65,498</u>	 <u>(93,015)</u>	 <u>(25,065)</u>	 <u>(52,582)</u>
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	(54,586)	-	54,586	-
Lease Proceeds	-	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>(54,586)</u>	<u>-</u>	<u>54,586</u>	<u>-</u>
 <u>NET CHANGE IN FUND BALANCES</u>	 <u>10,912</u>	 <u>(93,015)</u>	 <u>29,521</u>	 <u>(52,582)</u>
 <u>FUND BALANCES – Beginning</u>	 <u>798,700</u>	 <u>92,125</u>	 <u>29,200</u>	 <u>920,025</u>
 <u>FUND BALANCES – Ending</u>	 <u>809,612</u>	 <u>(890)</u>	 <u>58,721</u>	 <u>867,443</u>

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2021

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

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS (52,582)

Governmental funds report capital outlay as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Outlays more than \$5,000	1,881,092	
Depreciation Expense	(26,673)	
Loss on Disposition of Assets	<u> -</u>	1,854,419

Property tax revenues received prior to the year for which they are being levied or are not “available” at year end statement of activities. Deferred property tax revenues decreased this year. (500)

The government funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. The net effect of these differences follows:

Lease Proceeds	-	
Lease Payments	<u>7,259</u>	7,259

The changes in net pension and other post employment benefits liabilities, along with the changes and amortizations of deferred flows associated with those liabilities, are not recorded at the fund level.

Pension Cost	440,641	
Other Post Employment Benefits	<u>6,694</u>	<u>447,335</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES 2,255,931

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

NOTES TO BASIC FINANCIAL STATEMENTS

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Baca County School District Number RE-3 (District) conform with generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

The District operates under an elected Board of Education with 5 members.

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Baca County School District Number RE-3. The District receives funding from local, state, and federal government sources and must comply with requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A. Reporting Entity

Governmental Accounting Standards board (GASB) Statement No. 14 (as amended by Statements No. 34, No. 39 and No. 61), "*The Financial Reporting Entity*" (GASB No. 14) describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

This District is not included in any other governmental "reporting entity" as defined in GASB No. 14 and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basic financial statements present the District (the primary government) and its component units.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds (General Fund and Building Fund) and individual enterprise funds are reported as separate columns in the fund financial statements.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unassigned fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

All governmental fund types use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end.

Property and automotive ownership taxes are reported as receivables and deferred inflows when levied and as revenues when due for collection in the following year and determined to be available.

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due and certain accrued sick and personal pay which are accounted for as expenditures when expected to be liquidated with expendable available financial resources.

The proprietary fund types are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus in these funds is on the flow of economic resources and emphasizes the determination of net income. All assets and all liabilities associated with their activity are included on their statement of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred flows, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

• Major Governmental Funds

1. General Fund – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
2. Building Fund- Used to account for the acquisition of sites, buildings and equipment.

E. Cash and Investments

Cash represents amounts on deposit with financial institutions or held by the District. The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

F. Receivables

Property taxes levied in 2020 but uncollected in 2021 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2021 are recorded as deferred inflows, and are presented net of an allowance for uncollectible taxes. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

G. Inventories

Materials and supplies inventories are stated at cost. Inventories recorded in the Food Services Fund consist of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt.

The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets

Capital assets, which include property, vehicles and equipment, are utilized for general District operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental fund types are sold, the proceeds of the sale are recorded as revenues in the appropriate fund. The District does not capitalize interest on the construction of capital assets in governmental funds. However, the District does capitalize interest on the construction of capital assets in business-type activities.

The monetary threshold for capitalization of assets is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-40 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition.

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position. The District records long-term debt of governmental funds at the face value. The District's general obligation bonds are serviced from property taxes and other revenues of the Debt Service Fund. Capital leases are serviced from property taxes and other revenues of the General Fund. The long-term accumulated unpaid accrued sick leave is serviced from property taxes and other revenues by the respective fund type from future appropriations.

J. Constitutional Amendment

In November 1992, Colorado voters approved Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations, which apply to the State of Colorado and local governments. It requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any entity.

On November 4, 1997 the registered voters approved a ballot resolution authorizing Baca County School District RE-3 to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased or any new tax be imposed.

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Constitutional Amendment (Continued)

TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2021 the District reserved \$89,500 for this purpose.

Spending and revenue limits are determined based on the prior fiscal year's spending adjusted for inflation in the prior calendar year plus annual increases in funded student enrollment. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions.

K. Property Taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2020 property tax calendar for Baca County was as follows:

Levy Date	December 22, 2020
Lien Date	January 1, 2021
Tax Bills Mailed	January 1, 2021
First Installment Due	February 28, 2021
Second Installment Due	June 15, 2021
If Paid in Full, Due	April 30, 2021
Tax Sale – 2019 Delinquent Property Taxes	October 25, 2020

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. GASB Statement No. 54

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

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

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the District's highest level of decision-making authority).

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. GASB Statement No. 54 (continued)

4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The District's Committed Fund Balance is fund balance reporting required by the School Board, either because of a School Board Policy in the School Board Policy Manual, or because of motions that passed at School Board meetings.

Assigned Fund Balance Policy:

The District's Assigned Fund Balance is fund balance reporting occurring by School Board Administration authority, under the direction of the Chief Business Officer.

Order of Fund Balance Spending Policy

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Building Fund</u>	<u>Food Service</u>	<u>Pupil Activities</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>					
Inventories	-	-	1,608	-	1,608
<u>Restricted:</u>					
Emergencies	89,500	-	-	-	89,500
Preschool	-	-	-	-	-
Debt Service	-	-	-	-	-
Food Service	-	-	29,831	-	29,831
Capital Outlay	-	-	-	-	-
<u>Committed For:</u>					
Scholarships	50,000	-	-	-	50,000
<u>Assigned:</u>					
Pupil Activities	-	-	-	27,282	27,282
<u>Unassigned</u>	<u>670,112</u>	<u>(890)</u>	<u>-</u>	<u>-</u>	<u>669,222</u>
<u>Total Fund Balances</u>	<u>809,612</u>	<u>(890)</u>	<u>31,439</u>	<u>27,282</u>	<u>867,443</u>

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Deferred Outflows / Inflows of Resources

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

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

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities.

	Items Eliminated	
	Due To Other Funds	Due From Other Funds
General Fund	25,423	5,760
Building Fund	-	13,867
Food Service	-	12,851
Activities	<u>7,055</u>	<u>-</u>
	<u>32,478</u>	<u>32,478</u>
	<u>Transfers To Other Funds</u>	<u>Transfers From Other Funds</u>
General Fund	54,586	-
Building Fund	-	-
Food Service	-	25,000
Activities	<u>-</u>	<u>29,586</u>
	<u>54,586</u>	<u>54,586</u>

NOTE 3 BUDGETARY INFORMATION

Revenues and expenditures are controlled by budgetary accounting systems in accordance with various legal requirements. The budgeted revenues and expenditures represent the original adopted budget as subsequently adjusted by the Board of Education in accordance with Colorado School Laws. Budgets are generally prepared on the same basis as that used for accounting purposes.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 3 BUDGETARY INFORMATION (Continued)

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Business Manager submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund, Capital Projects Fund, and Special Revenue Funds.
6. Budgets for the General, Special Revenue Funds, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

All appropriations lapse at the end of each fiscal year. Authorization to transfer budgeted amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent of Schools and may be delegated to an appropriate level of management. Revisions and/or supplemental appropriations that alter the total expenditures of any fund must be approved by the Board of Education.

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year.

NOTE 4 CASH AND INVESTMENTS

Deposits

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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. 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 the aggregate uninsured deposits.

At June 30, 2021, the District's bank balance and corresponding carrying balance were as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	346,351	346,351
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	578,102	614,975
Cash with County Treasurer	2,921	-
Cash on Hand	400	-
<u>Total Cash and Deposits</u>	<u>927,774</u>	<u>961,326</u>

As presented above, deposits with a bank balance of \$614,975 and a carrying balance of \$578,102 as of June 30, 2021 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Governmental Activities

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
<u>Capital Assets Not Being</u>				
<u>Depreciated</u>				
Land	11,600	-	-	11,600
Construction in Progress	<u>2,157,498</u>	<u>1,860,298</u>	-	<u>4,017,796</u>
<u>Total Capital Assets Not Being</u>				
<u>Depreciated</u>	<u>2,169,098</u>	<u>1,860,298</u>	-	<u>4,029,396</u>
 <u>Capital Assets Being Depreciated</u>				
<u>Buildings &</u>				
Site Improvements	866,660	-	-	866,660
Equipment & Vehicles	545,067	20,794	-	565,861
Food Service	<u>57,710</u>	-	-	<u>57,710</u>
<u>Total Capital Assets Being</u>				
<u>Depreciated</u>	<u>1,469,437</u>	<u>20,794</u>	-	<u>1,490,231</u>
 <u>Less Accumulated Depreciation for:</u>				
<u>Building &</u>				
Site Improvements	821,816	6,585	-	828,401
Equipment & Vehicles	483,464	17,946	-	501,410
Food Service	<u>44,857</u>	<u>2,142</u>	-	<u>46,999</u>
<u>Total Accumulated Depreciation</u>	<u>1,350,137</u>	<u>26,673</u>	-	<u>1,376,810</u>
 <u>Total Capital Assets Being</u>				
<u>Depreciated, Net</u>	<u>119,300</u>	<u>(5,879)</u>	-	<u>113,421</u>
 <u>Governmental Activities Capital</u>				
<u>Assets, Net</u>	<u>2,288,398</u>	<u>1,854,419</u>	-	<u>4,142,817</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

Instruction	4,155
Student Support	-
Instructional Support	-
General Administration Support	-
School Administration Support	-
Business Support Services	-
Operations and Maintenance	3,918
Transportation	16,458
Food Service	<u>2,142</u>
<u>Total Depreciation Expense – Governmental Activities</u>	<u>26,673</u>

NOTE 6 PENSION PLAN

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. Baca County School District Number RE-3 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 (FNP) and additions to/deductions from the FNP 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. Most of these changes were in effect as of June 30, 2021.

General Information about the Pension Plan

Plan description. Eligible employees of the Baca County School District Number RE-3 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 (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2020. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 PENSION PLAN (Continued)

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, 2020, 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, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible 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. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contributions provisions as of June 30, 2021: Eligible employees of, Baca County School District Number RE-3 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 10.00 percent of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 6 PENSION PLAN (Continued)

	July 1, 2020 Through June 30, 2021
Employer contribution rate	10.90%
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	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	19.88%

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

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) 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. House Bill (HB) 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Baca County School District Number RE-3 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Baca County School District Number RE-3 were \$108,926 for the year ended June 30, 2021.

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The Baca County School District Number RE-3 proportion of the net pension liability was based on Baca County School District Number RE-3 contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 6 PENSION PLAN (Continued)

At June 30, 2021, the Baca County School District Number RE-3 reported a liability of \$1,272,804 for its proportionate share of the net pension liability. The amount recognized by the Baca County School District Number RE-3 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 Baca County School District Number RE-3 were as follows:

Baca County School District Number RE-3 proportionate share of the net pension liability	\$ 1,272,804
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Baca County School District Number RE-3	\$ -
Total	\$ 1,272,804

At December 31, 2020, the Baca County School District Number RE-3 proportion was 0.008 percent, which was a decrease of 0.0025 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Baca County School District Number RE-3 recognized pension income of \$440,641 and revenue of \$-0- for support from the State as a nonemployer contributing entity. At June 30, 2021, the Baca County School District Number RE-3 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	69,934	-
Changes of assumptions or other inputs	122,440	(213,948)
Net difference between projected and actual earnings on pension plan investments	-	(280,173)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	137,981	(495,706)
Contributions subsequent to the measurement date	59,972	N/A
Total	390,327	(989,827)

\$59,972 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2021	
2022	(312,573)
2023	(59,211)
2024	(183,888)
2025	(103,800)
2026	-
Thereafter	-

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 6 PENSION PLAN (Continued)

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

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

*Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available, therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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

Post-retirement non-disabled mortality assumptions 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.

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

The actuarial assumptions used in the December 31, 2019, 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 PERA's Board during the November 18, 2016, Board meeting.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 6 PENSION PLAN (Continued)

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30 %
Real wage growth	0.70 %
Wage inflation	3.00 %
Salary increases, including wage inflation	3.40 % – 11.00 %
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 %
Discount rate	7.25 %
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25 %
PERA benefit structure hired after 12/31/06*	Financed by the AIR

*Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available, therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy; Retiree Table, adjusted as follows:

- **Males:** 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 6 **PENSION PLAN (Continued)**

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a benefit-weighted basis.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives*	6.00%	4.70%
Total	100.00%	

*The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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 nominal rate of return assumption of 7.25 percent.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 PENSION PLAN (Continued)

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 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. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include 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, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing 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. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.
- 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 FNP, 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 FNP position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 6 PENSION PLAN (Continued)

Based on the above assumptions and methods, the SCHDTF's FNP 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 index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Baca County School District Number RE-3 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	1,736,209	1,272,804	886,635

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

Defined Contribution Pension Plan

Voluntary Investment Program

Plan Description – Employees of the Baca County School District Number RE-3 that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available Annual Report which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2021, program members contributed \$120.

NOTE 7 OTHER POST EMPLOYMENT BENEFITS

Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. Baca County School District Number RE-3 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 (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan description. Eligible employees of the Baca County School District Number RE-3 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 (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

PERA Benefit Structure

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

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

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Baca County School District Number RE-3 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Baca County School District Number RE-3 were \$5,589 for the year ended June 30, 2021.

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

At June 30, 2021, the Baca County School District Number RE-3 reported a liability of \$46,211 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The Baca County School District Number RE-3 proportion of the net OPEB liability was based on Baca County School District Number RE-3 contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the Baca County School District Number RE-3 proportion was 0.005 percent, which was an decrease of 0.002 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Baca County School District Number RE-3 recognized OPEB income of \$6,694. At June 30, 2021, the Baca County School District Number RE-3 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	123	(10,159)
Changes of assumptions or other inputs	345	(2,834)
Net difference between projected and actual earnings on OPEB plan investments	-	(1,888)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	8,240	(26,018)
Contributions subsequent to the measurement date	3,077	N/A
Total	11,785	(40,899)

\$3,077 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30, 2021	
2022	(6,668)
2023	(6,404)
2024	(6,563)
2025	(6,111)
2026	(6,022)
Thereafter	(423)

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% in 2020, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 %
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

	Initial Costs for Members Without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Plan			
Medicare Advantage/Self-Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

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.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, 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 used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
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 used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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.

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30% - 10.90%	3.40% - 11.00%	3.20% - 11.30%	2.80% - 5.30%
State Troopers	3.20% - 12.40%	N/A	3.20% - 12.40% *	N/A

* C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree table, adjusted as follows:

- **Males:** 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation 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 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives*	6.00%	4.70%
Total	100.00%	

*The Opportunity Fund's name changed to Alternatives, effective January 1, 2020

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 nominal rate of return assumption of 7.25 percent.

Sensitivity of the Baca County School District Number RE-3 proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
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	45,017	46,211	47,602

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, 2020, measurement date.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP 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 Baca County School District Number RE-3 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	52,936	46,211	40,466

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 8 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 9 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL

The District belongs to the Colorado School District's Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, Workers' Compensation and other coverage. The Board of Directors is composed of eight persons; seven of whom are appointed by the Board of Directors of CASB and the Executive Director of CASB. The Pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the Aggregate Pool claims, the cost of Administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as an expenditure.

The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2021.

An audited summary of the Colorado School District's Pool financial information at June 30, 2020, and the year then ended (latest information available) follows:

Total Assets	<u>50,982,972</u>
Total Liabilities	<u>23,141,059</u>
Total Equity	<u>27,841,913</u>
Revenue	31,306,454
Underwriting Expenses	<u>26,904,016</u>
Underwriting Gain (Loss)	4,402,438
Net Investment Income	1,580,789
Other Income	<u>-</u>
Net Income (Loss) Before Dividend	5,983,227
Dividend	<u>-</u>
Net Income	<u>5,983,227</u>
Transfer of Capital Contributions	-
Change in Non Admitted Assets	<u>48,913</u>
Capital Contributions from Members	<u>-</u>
Unassigned Surplus	<u>27,841,913</u>

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 10 LITIGATION

None.

NOTE 11 SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Claims and Judgments - The District participates in a number of federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenditures have not been audited by the grantor but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the District.

NOTE 12 JOINT VENTURES

Not reflected in the accompanying financial statements is the District's participation in the South Eastern Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per District.

The District has one member on the Board. The Board has final authority for all budgeting and financing of the joint venture. The BOCES by-laws indicate that the entity is to have perpetual existence, but in the event of its dissolution, all assets shall be divided among member school districts on a pro rate basis determined by the BOCES board. The joint venture summary audited financial information as of June 30, 2020, the latest year for which complete information is available is as follows:

Assets and Deferred Outflows	2,365,312
Liabilities and Deferred Outflows	<u>5,603,650</u>
Net Position	<u>(3,238,338)</u>
	<u>2,365,312</u>
Revenues	3,199,012
Expenses	<u>2,572,870</u>
Change in Net Position	<u>626,142</u>

The BOCES is not included as a component unit of the District as the financial responsibility is minimal, there is no financial interdependency, the District does not have the ability to significantly influence the operations of the BOCES and the District is not accountable for fiscal matters of the BOCES. The BOCES is audited annually and files a report with the Colorado State Auditor.

NOTE 13 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 to ten months. The salaries and benefits earned, but unpaid, at June 30, 2021, are estimated to be \$82,016. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the various funds.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 14 COMPENSATED ABSENCES

There is no material liability for compensated absences payable at June 30, 2021.

NOTE 15 INTERFUND BALANCES AND TRANSFERS

<u>Major Governmental Fund</u>	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	25,423	5,760	-	54,586
Building Fund	-	13,867	-	-
 <u>Non Major Governmental Funds</u>				
Food Service	-	12,851	25,000	-
Activities	<u>7,055</u>	<u>-</u>	<u>29,586</u>	<u>-</u>
	<u>32,478</u>	<u>32,478</u>	<u>54,586</u>	<u>54,586</u>

Transfers were made from the General Fund for the purpose of assisting operations.

Interfund Receivables and Payables are expected to be paid within one year.

NOTE 16 INVENTORIES

Food Service Fund inventories at June 30, 2021, consisted of USDA, purchased food and non-food amounting to \$1,608. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

NOTE 17 COMPLIANCE WITH BUDGET LAWS

The following condition was noted and may be a violation of Colorado law:

Expenditures in the Pupil Activity Fund exceeded budgeted amounts by \$1,990.

The fund balance in the Building Fund had a deficit balance of \$890.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 18 LONG TERM DEBT

CHANGES IN LONG TERM DEBT

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Equipment Lease	137,141	-	\$7,259	\$129,882	\$7,886

CAPITAL LEASES

Lease Purchase- Equipment

During the fiscal year ended June 30, 2020 the District executed a lease purchase agreement of \$150,000 for equipment related to a school improvement project. The lease purchase agreement is for a period of 14 years with interest at of 3.8% per annum and yearly payments of \$12,890.

Annual debt service requirements to maturity for the lease purchase agreements are as follows:

	<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Payment</u>
	2022	7,886	5,004	12,890
	2023	8,190	4,700	12,890
	2024	8,494	4,396	12,890
	2025	8,833	4,057	12,890
	2026	9,173	3,717	12,890
	2027	9,527	3,363	12,890
	2028	9,885	3,005	12,890
	2029	10,274	2,616	12,890
	2030	10,670	2,220	12,890
	2031	11,081	1,809	12,890
	2032	11,505	1,385	12,890
	2033	11,952	938	12,890
	2034	<u>12,412</u>	<u>482</u>	<u>12,894</u>
		<u>129,882</u>	<u>37,692</u>	167,574
Lease Amount Representing Interest				(37,692)
Balance				<u>129,882</u>

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISONS

PENSION TREND DATA

OTHER POST EMPLOYMENT BENEFITS TREND DATA

General Fund

The General Fund accounts for all transactions of the District not accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed from property taxes and other general revenues. It is the most significant fund in relation to the District's overall operations.

Pension Trend Data

Other Post Employment Benefits Trend Data

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2021

<u>REVENUES</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>Local Sources</u>				
Property Taxes	423,295	423,295	527,746	104,451
Specific Ownership Taxes	36,239	36,239	54,267	18,028
Earnings on Investments	1,000	1,000	1,794	794
Delinquent Taxes & Interest	3,000	3,000	657	(2,343)
Other	355,000	355,000	38,347	(316,653)
<u>State Sources</u>				
Equalization	498,548	498,548	456,635	(41,913)
Transportation	14,200	14,200	10,764	(3,436)
Vocational Education	14,000	14,000	13,606	(394)
Special Education	3,500	3,500	8,125	4,625
Other	31,685	31,685	24,935	(6,750)
<u>Federal Sources</u>				
Other	45,670	45,670	182,733	137,063
<u>TOTAL REVENUES</u>	<u>1,426,137</u>	<u>1,426,137</u>	<u>1,319,609</u>	<u>(106,528)</u>
 <u>EXPENDITURES</u>				
<u>Instruction</u>				
Salaries	375,026	375,026	377,234	(2,208)
Employee Benefits	175,364	175,364	129,546	45,818
Purchased Services - Professional	13,550	13,550	12,877	673
Purchased Services – Property	-	-	-	-
Purchased Services – Other	10,500	10,500	3,705	6,795
Supplies and Materials	32,461	32,461	11,197	21,264
Property	-	-	7,340	(7,340)
Other Objects	4,964	4,964	5,297	(333)
<u>Total Instruction</u>	<u>611,865</u>	<u>611,865</u>	<u>547,196</u>	<u>64,669</u>
 <u>SUPPORTING SERVICES</u>				
<u>Student Supporting Services</u>				
Salaries	-	-	2,000	(2,000)
Employee Benefits	-	-	-	-
Purchased Services – Professional	3,500	3,500	4,500	(1,000)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	-	-
Supplies and Materials	300	300	-	300
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Student Services</u>	<u>3,800</u>	<u>3,800</u>	<u>6,500</u>	<u>(2,700)</u>

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance-
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
<u>Instructional Staff</u>				
Salaries	19,900	19,900	25,000	(5,100)
Employee Benefits	4,169	4,169	5,699	(1,530)
Purchased Services – Other	19,000	19,000	5,686	13,314
Supplies and Materials	-	-	1,383	(1,383)
<u>Total Instructional Staff</u>	<u>43,069</u>	<u>43,069</u>	<u>37,768</u>	<u>5,301</u>
<u>General Administration</u>				
Salaries	46,914	46,914	46,821	93
Employee Benefits	20,328	20,328	23,678	(3,350)
Purchased Services – Professional	20,000	20,000	39,471	(19,471)
Purchased Services – Other	43,000	43,000	63,105	(20,105)
Supplies and Materials	7,000	7,000	170,726	(163,726)
Property	10,000	10,000	23,926	(13,926)
Other Objects	10,000	10,000	6,513	3,487
<u>Total General Administration</u>	<u>157,242</u>	<u>157,242</u>	<u>374,240</u>	<u>(216,998)</u>
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	-	-	-	-
Employee Benefits	-	-	-	-
<u>Total School Administration</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Business Services</u>				
Salaries	43,400	43,400	36,408	6,992
Employee Benefits	9,092	9,092	7,957	1,135
Purchased Services – Professional	-	-	737	(737)
Purchased Services-Property	1,000	1,000	-	1,000
Purchased Services – Other	-	-	-	-
Supplies and Materials	5,000	5,000	1,403	3,597
<u>Total Business Services</u>	<u>58,492</u>	<u>58,492</u>	<u>46,505</u>	<u>11,987</u>
<u>Operations and Maintenance</u>				
Salaries	44,600	44,600	45,720	(1,120)
Employee Benefits	9,487	9,487	10,884	(1,397)
Purchased Services-Professional	-	-	-	-
Purchased Services – Property	48,000	48,000	11,684	36,316
Purchased Services – Other	4,000	4,000	1,733	2,267
Supplies and Materials	47,000	47,000	61,018	(14,018)
Property	260,000	260,000	-	260,000
Other Objects	-	-	3,940	(3,940)
<u>Total Operations and Maintenance</u>	<u>413,087</u>	<u>413,087</u>	<u>134,979</u>	<u>278,108</u>

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Student Transportation</u>				
Salaries	20,000	20,000	15,439	4,561
Employee Benefits	4,242	4,242	4,120	122
Purchased Services – Other	10,000	10,000	23,908	(13,908)
Supplies and Materials	17,500	17,500	10,454	7,046
Property	19,029	19,029	-	19,029
Other Objects	-	-	106	(106)
<u>Total Student Transportation</u>	<u>70,771</u>	<u>70,771</u>	<u>54,027</u>	<u>16,744</u>
<u>Central Support</u>				
Salaries	7,950	7,950	9,125	(1,175)
Employee Benefits	3,190	3,190	3,150	40
Purchased Services- Professional	300	300	11,010	(10,710)
Purchased Services – Other	-	-	2,148	(2,148)
Supplies and Materials	3,000	3,000	6,320	(3,320)
Property	2,000	2,000	-	2,000
Other Objects	1,000	1,000	3,097	(2,097)
<u>Total Central Support</u>	<u>17,440</u>	<u>17,440</u>	<u>34,850</u>	<u>(17,410)</u>
<u>Food Service</u>				
Supplies and Materials	-	-	-	-
Property	5,000	5,000	5,156	(156)
<u>Total Food Services</u>	<u>5,000</u>	<u>5,000</u>	<u>5,156</u>	<u>(156)</u>
<u>TOTAL SUPPORTING SERVICES</u>	<u>768,901</u>	<u>768,901</u>	<u>694,025</u>	<u>74,876</u>
<u>Debt Service</u>				
Principal Retirement	-	-	7,259	(7,259)
Interest and Fiscal Charges	-	-	5,631	(5,631)
<u>Total Supporting Services</u>	<u>-</u>	<u>-</u>	<u>12,890</u>	<u>(12,890)</u>
<u>APPROPRIATED RESERVES</u>	<u>816,071</u>	<u>816,071</u>	<u>-</u>	<u>816,071</u>
<u>TOTAL EXPENDITURES</u>	<u>2,196,837</u>	<u>2,196,837</u>	<u>1,254,111</u>	<u>942,726</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(770,700)</u>	<u>(770,700)</u>	<u>65,498</u>	
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	(28,000)	(28,000)	(54,586)	(26,586)
<u>Total Other Financing Sources (Uses)</u>	<u>(28,000)</u>	<u>(28,000)</u>	<u>(54,586)</u>	<u>(26,586)</u>
<u>REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	<u>(798,700)</u>	<u>(798,700)</u>	<u>10,912</u>	
<u>FUND BALANCE, July 1</u>	<u>798,700</u>	<u>798,700</u>	<u>798,700</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>-</u>	<u>809,612</u>	

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 For The Last 10 Fiscal Years (As Available)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
District's proportion of the net pension liability (asset)	0.0084%	0.01091%	0.0095%	0.0111%	0.0113%	0.0119%	0.0128%	0.0143%	-	-
District's proportionate share of the net pension liability (asset)	\$1,272,804	\$1,631,395	\$1,692,680	\$3,588,524	\$3,353,527	\$1,819,727	\$1,729,269	\$1,822,409	-	-
State's proportionate share of the net pension liability associated with the District**	-	\$206,921	\$231,451	-	-	-	-	-	-	-
District's covered payroll	\$547,918	\$557,926	\$539,149	\$512,579	\$512,468	\$497,334	\$515,866	\$588,189	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	232%	292%	314%	700%	654%	366%	335%	310%	-	-
Plan fiduciary net position as a percentage of the total pension liability	66.99%	64.52%	57.01%	43.96%	43.13%	59.2%	62.80%	64.06%	-	-

** A direct provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
 For The Last 10 Fiscal Years (As Available)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contributions	\$ 108,926	\$ 108,126	\$ 103,139	\$ 96,864	\$ 94,270	\$ 88,309	\$ 86,520	\$ 94,057	\$ 85,965	-
Contributions in relation to the contractually required contributions	<u>\$(108,926)</u>	<u>\$(108,126)</u>	<u>\$(103,139)</u>	<u>\$(96,864)</u>	<u>\$(94,270)</u>	<u>\$(88,309)</u>	<u>\$(86,520)</u>	<u>\$(94,057)</u>	<u>\$(85,965)</u>	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$547,918	\$557,926	\$539,149	\$512,579	\$512,468	\$497,344	\$515,866	\$588,189	\$566,293	-
Contributions as a percentage of covered payroll	19.88%	19.38%	19.13%	18.90%	18.40%	17.66%	16.77%	15.99%	15.18%	-

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER POST EMPLOYMENT BENEFIT (OPEB) LIABILITY
 For The Last 10 Fiscal Years (As Available)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
District's proportion of the net OPEB liability (asset)	0.0048%	0.0071%	0.0062%	0.0063%	0.0064%	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$46,211	\$80,155	\$84,539	\$81,497	\$83,007	-	-	-	-	-
District's covered payroll	\$547,918	\$557,926	\$539,149	\$512,579	\$512,468	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	8.43%	14.36%	15.68%	15.90%	16.20%	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	32.78%	24.49%	17.03%	17.53%	16.72%	-	-	-	-	-

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
 For The Last 10 Fiscal Years (As Available)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contributions	\$5,589	\$5,691	\$5,499	\$5,228	\$5,227	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$(5,589)</u>	<u>\$(5,691)</u>	<u>\$(5,499)</u>	<u>\$(5,228)</u>	<u>\$(5,227)</u>	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-
District's covered payroll	\$547,918	\$557,926	\$539,149	\$512,579	\$512,468	-	-	-	-	-
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	-	-	-	-	-

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NON MAJOR GOVERNMENTAL FUNDS

Major Building fund

This fund accounts for the acquisition of sites and buildings.

Special Revenue Funds

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

Pupil Activity Fund

This fund accounts for financial transactions of all schools in the District through individual school activity accounts.

Food Service Fund

This fund accounts for all financial activities associated with the District's school breakfast and lunch programs.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2021

	<u>Food Service</u>	<u>Pupil Activity</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>			
Cash and Investments	11,825	31,398	43,223
Accounts Receivable	1,954	6,649	8,603
Accrued Revenue	6,452	-	6,452
Due From Other Funds	12,851	-	12,851
Property Taxes Receivable	-	-	-
Inventories	<u>1,608</u>	<u>-</u>	<u>1,608</u>
<u>Total Assets</u>	<u>34,690</u>	<u>38,047</u>	<u>72,737</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities:</u>			
Accounts Payable	-	3,710	3,710
Accrued Salaries	3,251	-	3,251
Due to other funds	<u>-</u>	<u>7,055</u>	<u>7,055</u>
<u>Total Liabilities</u>	<u>3,251</u>	<u>10,765</u>	<u>14,016</u>
 <u>Fund Balances:</u>			
Nonspendable:			
Inventories	1,608	-	1,608
Restricted:			
Food Service	29,831	-	29,831
Assigned:			
Student Activities	<u>-</u>	<u>27,282</u>	<u>27,282</u>
<u>Total Fund Balances</u>	<u>31,439</u>	<u>27,282</u>	<u>58,721</u>
 <u>TOTAL LIABILITIES & FUND BALANCES</u>	 <u>34,690</u>	 <u>38,047</u>	 <u>72,737</u>

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2021

	<u>Food Service</u>	<u>Pupil Activity</u>	<u>Total Nonmajor Governmental Funds</u>
<u>REVENUES</u>			
Earnings on Investments	-	-	-
Other Local Sources	7,170	70,345	77,515
State Aid	992	-	992
Federal Aid	<u>26,661</u>	-	<u>26,661</u>
<u>Total Revenues</u>	<u>34,823</u>	<u>70,345</u>	<u>105,168</u>
<u>EXPENDITURES</u>			
<u>Current:</u>			
Instructional Services	-	-	-
Supporting Services:			
Students	-	81,990	81,990
Instructional Staff	-	-	-
District Administration	-	-	-
Business	-	-	-
Operation and Maintenance of Facilities	-	-	-
Transportation	-	-	-
Central	-	-	-
Food Service	48,243	-	48,243
Capital Outlay	-	-	-
<u>Total Expenditures</u>	<u>48,243</u>	<u>81,990</u>	<u>130,233</u>
<u>Excess (Deficiency) of Revenues</u>			
<u>Over (under) Expenditures</u>	(13,420)	(11,645)	(25,065)
<u>Other Financing Sources (Uses)</u>			
Transfers	25,000	29,586	54,586
<u>Total other Financing Sources (Uses)</u>	<u>25,000</u>	<u>29,586</u>	<u>54,586</u>
<u>NET CHANGE IN FUND BALANCES</u>	11,580	17,941	29,521
<u>FUND BALANCES- BEGINNING</u>	<u>19,859</u>	<u>9,341</u>	<u>29,200</u>
<u>FUND BALANCES-ENDING</u>	<u>31,439</u>	<u>27,282</u>	<u>58,721</u>

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
MAJOR BUILDING FUND
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Earnings on Investments	-	-	-
Grant Revenue	4,116,507	1,767,284	(2,349,223)
Other Local	-	-	-
<u>Total Revenues</u>	<u>4,116,507</u>	<u>1,767,284</u>	<u>(2,349,223)</u>
<u>EXPENDITURES</u>			
Land and Land Sites	-	-	-
Building and Improvements	4,267,515	1,860,299	2,407,216
Equipment	-	-	-
Vehicles	-	-	-
Other	-	-	-
Contingency Reserves	-	-	-
<u>Total Expenditures</u>	<u>4,267,515</u>	<u>1,860,299</u>	<u>2,407,216</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(151,008)</u>	<u>(93,015)</u>	
<u>Other Financing Sources (Uses)</u>			
Transfers	-	-	-
Lease Proceeds	151,008	-	(151,008)
<u>Total Other Financing Sources (Uses)</u>	<u>151,008</u>	<u>-</u>	<u>(151,008)</u>
<u>NET CHANGE IN FUND BALANCES</u>	-	(93,015)	
<u>FUND BALANCE, July 1</u>	<u>-</u>	<u>92,125</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>(890)</u>	

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
PUPIL ACTIVITY – SPECIAL REVENUE FUND
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Local Sources	50,000	70,345	20,345
State Sources	-	-	-
Federal Sources	-	-	-
<u>Total Revenues</u>	<u>50,000</u>	<u>70,345</u>	<u>20,345</u>
<u>EXPENDITURES</u>			
Purchased Services Other	-	61,638	(61,638)
Supplies and Materials	80,000	20,352	59,648
Other	-	-	-
Contingency	-	-	-
<u>Total Expenditures</u>	<u>80,000</u>	<u>81,990</u>	<u>(1,990)</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(30,000)	(11,645)	
<u>Other Financing Sources (Uses)</u>			
Transfers	20,000	29,586	9,586
<u>Total Other Financing Sources (Uses)</u>	<u>20,000</u>	<u>29,586</u>	<u>9,586</u>
<u>NET CHANGE IN FUND BALANCES</u>	(10,000)	17,941	
<u>FUND BALANCE, July 1</u>	<u>10,000</u>	<u>9,341</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>27,282</u>	

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-3
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
FOOD SERVICE – SPECIAL REVENUE FUND
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>OPERATING REVENUES</u>			
Local Sources			
Food Sales	18,000	5,664	(12,336)
Earnings on Investments	-	-	-
Other	300	1,506	1,206
State Sources			
School Lunches	500	992	492
Federal Sources			
School Lunches	12,000	24,349	12,349
Commodities	-	<u>2,312</u>	<u>2,312</u>
<u>Total Revenues</u>	<u>30,800</u>	<u>34,823</u>	<u>4,023</u>
<u>EXPENDITURES</u>			
Salaries	22,600	23,190	(590)
Employee Benefits	10,461	5,213	5,248
Purchased Services-Professional	-	-	-
Purchased Services-Property	-	-	-
Purchased Services-Other	-	-	-
Supplies and Materials	26,600	19,470	7,130
Capital Outlay	3,000	-	3,000
Other	-	370	(370)
Commodities	-	-	-
Contingency	-	-	-
<u>Total Expenditures</u>	<u>62,661</u>	<u>48,243</u>	<u>14,418</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(31,861)</u>	<u>(13,420)</u>	
<u>Other Financing Sources (Uses)</u>			
Operating Transfers from General Fund	<u>25,000</u>	<u>25,000</u>	<u>-</u>
<u>Total Other Financing Sources (Uses)</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
<u>REVENUES OVER (UNDER) EXPENDITURES AND USES</u>	<u>(6,861)</u>	<u>11,580</u>	
<u>FUND BALANCE, July 1</u>	<u>6,861</u>	<u>19,859</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>31,439</u>	

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

STATE REQUIRED SCHEDULES

Auditor's Integrity Report (Revenues, Expenditures, and Fund Balance by Fund)

Bolded Balance Sheet



Colorado Department of Education
Auditors Integrity Report
 District: 0240 - Pritchett RE-3
 Fiscal Year 2020-21
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources : Other Uses	1000-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental					
16 General Fund	798,700		1,238,805	1,227,892	809,612
18 Risk Mgmt Sub-Fund of General Fund	0		0	0	0
19 Colorado Preschool Program Fund	0		36,218	36,218	0
Sub-Total	798,700		1,265,023	1,254,111	809,612
11 Charter School Fund	0		0	0	0
20 20-29 Special Revenue Fund	0		0	0	0
06 Supplemental Cap Cont. Tech. Main Fund	0		0	0	0
07 Total Program Reserve Fund	0		0	0	0
21 Food Service Spec Revenue Fund	19,859		59,823	48,243	31,439
22 Gov Designated-Purpose Grants Fund	0		0	0	0
23 Pupil Activity Special Revenue Fund	9,341		95,931	81,990	27,282
24 Sun Day Kindergarten Mill Levy Override	0		0	0	0
35 Transportation Fund	0		0	0	0
31 Bond Redemption Fund	0		0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0		0	0	0
41 Building Fund	51,115		1,767,284	1,860,299	-890
42 Special Building Fund	0		0	0	0
43 Capital Reserve Capital Projects Fund	0		0	0	0
46 Supplemental Cap Cont. Tech. Main Fund	0		0	0	0
Totals	798,700		1,265,023	1,254,111	809,612
Proprietary					
50 Other Enterprise Funds	0		0	0	0
64 (63) Risk-Related Activity Fund	0		0	0	0
60 55-59 Other Internal Service Funds	0		0	0	0
Totals	0		0	0	0
Fiduciary					
70 Other Trust and Agency Funds	0		0	0	0
72 Private Purpose Trust Fund	0		0	0	0
73 Agency Fund	0		0	0	0
74 Pupil Activity Agency Fund	0		0	0	0
75 GASB 30 Permanent Fund	0		0	0	0
85 Foundations	0		0	0	0
Totals	0		0	0	0

FINAL



Colorado Department of Education

Bolded Balance Sheet Report

District: 0240 - Pritchett RE-3

Fiscal Year 2020-21

Colorado School District/BOCES

ASSETS	Governmental							Proprietary					Fiduciary		Totals	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79		Foundations Fund 85
Cash and Investments (8100-8104,8111)	864,656	0	3,734	31,398	0	0	11,825	0	13,240	0	0	0	0	0	0	924,853
Cash with Fiscal Agent (8105)	2,921	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,921
Other Investment Accounts (8112-8115)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxes Receivable (8121,8122)	14,650	0	0	0	0	0	0	0	0	0	0	0	0	0	0	14,650
Interfund Loans Receivable (8131,8132)	5,760	0	10	0	0	0	12,851	0	13,867	0	0	0	0	0	0	32,488
Grants Accounts Receivable (8142)	62,627	0	0	0	0	0	6,452	0	236,036	0	0	0	0	0	0	305,116
Other Receivables (8151-8154,8161)	6,689	0	0	6,649	0	0	1,954	0	5	0	0	0	0	0	0	15,296
Inventories (8171,8172,8173)	0	0	0	0	0	0	1,608	0	0	0	0	0	0	0	0	1,608
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	957,303	0	3,744	38,047	0	0	31,690	0	263,148	0	0	0	0	0	0	1,296,932

Governmental

Proprietary

Fiduciary

FUND EQUITY

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60, 70-79	Trust & Agency Funds 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	0	1,608	0	0	0	0	0	0	0	1,608
Restricted Fund Balance 6720	0	0	0	0	0	0	29,831	0	0	0	0	0	0	0	29,831
TABOR 3% Emergency Reserve 6721	89,500	0	0	0	0	0	0	0	0	0	0	0	0	0	89,500
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Program Reserve 6728	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	50,000	0	0	0	0	0	0	0	0	0	0	0	0	0	50,000
Assigned Fund Balance 6760	0	0	0	27,282	0	0	0	0	0	0	0	0	0	0	27,282
Unassigned Fund Balance 6770	670,112	0	0	0	0	0	0	0	-890	0	0	0	0	0	669,222
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net-Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net-Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	809,612	0	0	27,282	0	0	31,439	0	-890	0	0	0	0	0	867,443

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60, 70-79	Trust & Agency Funds 85	Totals
Total Liabilities & Fund Equity	957,303	0	3,744	38,047	0	0	34,690	0	263,148	0	0	0	0	0	1,296,932

For Each Fund Type:
Do Assets=Liability+Fund Equity