

**BYERS SCHOOL DISTRICT 32-J
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

**BYERS SCHOOL DISTRICT 32-J
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021**

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	XVII
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Management's Discussion and Analysis	XX
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BASIC FINANCIAL STATEMENTS

Statement of Net Position.....	1
Statement of Activities.....	2
Balance Sheet – Governmental Funds	3
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	4
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	6
Statement of Fiduciary Assets and Liabilities.....	7

NOTES TO THE FINANCIAL STATEMENTS

Notes to Financial Statements	9
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REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund	47
Budgetary Comparison Schedule – Grants Fund	50
Schedule of the District's Proportionate Share of the Net Pension Liability	51
Schedule of Pension Contributions and Related Ratios	52
Schedule of the District's Proportionate Share of OPEB Liability	53
Schedule of OPEB Contributions and Related Ratios	54

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Government Funds	
Combining Balance Sheet – Nonmajor Governmental Funds.....	56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	57
Budgetary Comparison Schedule – Pupil Activity Fund	58
Budgetary Comparison Schedule – Food Service Fund	59
Budgetary Comparison Schedule – Transportation Fund	60
Budgetary Comparison Schedule – Endowment Fund	61

COMPLIANCE SECTION

Auditors' Integrity Report	62
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	63
Schedule of Findings	65

INTRODUCTORY SECTION

BYERS SCHOOL DISTRICT 32-J
ROSTER OF SCHOOL OFFICIALS
JUNE 30, 2021

BOARD OF EDUCATION

Donna Sauer
Eve Pugh
Matt Eymann
Jay Bauer
Dennis Messer
Rodney Brockelman
Allison Harris

President
Vice President
Secretary
Treasurer
Member
Member
Member

SCHOOL OFFICIAL

Tom Turrell

Superintendent

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Education
Byers School District 32-J
Byers, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of Byers School District 32-J, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of Byers School District 32-J 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 schedules, and GASB required pension and other postemployment benefits schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

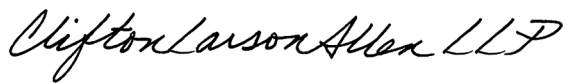
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Byers School District 32-J's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Colorado Department of Education Auditor's Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Colorado Department of Education Auditor's Integrity Report 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021, on our consideration of Byers School District 32-J's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Byers School District 32-J's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Byers School District 32-J's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Broomfield, Colorado
December 8, 2021

BYERS SCHOOL DISTRICT 32-J
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021
(UNAUDITED)

Management of Byers School District 32-J offers readers of the basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. The focus of the information is on the primary government.

Financial Highlights

- At the end of the fiscal year, the District's governmental funds reported combined ending fund balances of \$4,594,485.
 - The District's long-term general obligation debt (QZAB loan) decreased by \$70,589.
 - The District entered into a the BEST Grant Loan and received proceeds of \$1,204,167.
 - The District had adequate resources available for all appropriations.
- The total liabilities and deferred inflows of resources of the Primary Government exceeded its assets including land, buildings, and equipment and deferred outflows of resources at the close of the fiscal year June 30, 2021 by \$2,653,020 for the primary reporting entity. This represented an increase in net position of \$4,122,461. The District participates in the School Division Trust Fund, a cost-sharing multiple employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). A signification portion of the increase in net position was the result of an increase of \$2,250,843 in the District's proportionate share of the net pension liability and related deferred outflows of resources and deferred inflows of resources.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Comparison to the prior year's activity is also provided in this document. The Byers School District's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-Wide Financial Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, are one way to measure the District's financial health or position. The difference between assets and liabilities is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

BYERS SCHOOL DISTRICT 32-J
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021
(UNAUDITED)

Fund Financial Statements

The fund financial statements provide detailed information about the District's funds, focusing on its most significant funds or "major" funds, not the District as a whole. Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Byers School District, like other governments, uses fund accounting to ensure and demonstrate compliance.

All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds: Most of the District's basic services are reported in governmental funds, which generally focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary Funds: The District is the agent, or *fiduciary*, for assets that belong to others. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations. The District uses fiduciary funds to account for its endowment fund.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

In addition to the financial statements and accompanying notes, this report also contains other supplemental information concerning the District's non-major governmental funds. The combining statements of the non-major governmental funds are presented after the notes to the financial statements.

BYERS SCHOOL DISTRICT 32-J
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021
(UNAUDITED)

Financial Analysis of the District as a Whole

The District's total net position on June 30, 2021 was \$(2,653,020). Of the District's \$10,927,276 in assets, \$4,051,111 (37%) reflects investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment). The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

Table 1 provides a summary of the District's net position for 2021 compared to 2020.

	2021	2020
Current and Other Assets	\$ 5,663,143	\$ 3,256,787
Capital Assets	5,264,133	4,302,478
Total Assets	<u>10,927,276</u>	<u>7,559,265</u>
Deferred Outflows of Resources	2,991,635	1,993,728
Current Liabilities	1,549,331	1,217,460
Net Pension and OPEB Obligation	9,549,423	8,018,915
Long-Term Liabilities	1,349,081	555,850
Total Liabilities	<u>12,447,835</u>	<u>9,792,225</u>
Deferred Inflows of Resources	<u>4,124,096</u>	<u>6,536,249</u>
Net Investment in Capital Assets	4,051,111	-
Restricted	-	-
Food Service	127,874	98,034
Transportation	108,709	260,893
Multi-Year Obligation	170,000	229,877
Tabor Reserve	244,729	165,000
Unrestricted	(7,355,443)	(7,529,285)
Total Net Position	<u>\$ (2,653,020)</u>	<u>\$ (6,775,481)</u>

BYERS SCHOOL DISTRICT 32-J
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021
(UNAUDITED)

Table 2 shows the changes in net position for fiscal year 2021 compared to 2020.

	Governmental Activities	
	2021	2020
REVENUES		
Program Revenues:		
Charges for Services	\$ 247,273	\$ 772,179
Operating Grants and Contributions	4,129,033	2,316,270
Capital Grants and Contributions	247,405	34,905
General Revenues:		
Property Taxes	1,873,998	1,808,750
Specific Ownership Taxes	139,239	130,380
State Equalization	36,925,260	15,773,136
Investment Income	1,162	6,252
Other	197,963	78,694
Total Revenues	<u>43,761,333</u>	<u>20,920,566</u>
EXPENSES		
Instruction	2,125,908	4,661,910
Support	2,920,392	1,938,732
Interest on Long-Term Debt	56,090	3,542
Charter School Funding	<u>34,536,482</u>	<u>12,972,318</u>
Total Expenses	<u>39,638,872</u>	<u>19,576,502</u>
CHANGE IN NET POSITION	4,122,461	1,344,064
Net Position - Beginning	<u>(6,775,481)</u>	<u>(8,119,545)</u>
NET POSITION - ENDING	<u>\$ (2,653,020)</u>	<u>\$ (6,775,481)</u>

Financial Analysis of the District's Funds

General Fund Budgetary Highlights

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

- Actual revenues in the General Fund were \$1,499,699 higher than anticipated.
- Total expenditures of the General Fund were \$130,140 under budget.
- The District must maintain a 3% emergency reserve as a part of the TABOR Amendment (Taxpayer Bill of Rights). At June 30, 2021, District's TABOR reserve amounted to \$244,729.
- The beginning fund balance was increased from \$2,110,611 to \$4,274,142. The fund balance reflects the fund balances of the General fund, Capital Reserve fund, Rental fund, Childcare fund, and Preschool fund.

BYERS SCHOOL DISTRICT 32-J
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021
(UNAUDITED)

Capital Assets and Debt Administration

Capital Assets

The District's capital assets as of June 30, 2021 amounts to \$5,264,133.

Table 4
Byers School District Capital Assets
(Net of Depreciation)

	<u>2021</u>	<u>2020</u>
Land and Sites	\$ 173,215	\$ 173,215
Buildings and Improvements	3,828,912	3,851,982
Equipment and Vehicles	256,819	253,281
Construction in Progress	<u>1,005,187</u>	<u>24,000</u>
Total Capital Assets	<u><u>\$ 5,264,133</u></u>	<u><u>\$ 4,302,478</u></u>

Long-Term Debt

At year-end, the District's long-term debt was \$1,760,017, which was due to the BEST loan and QZAB Loan.

Table 5
Byers School District
Long-Term Debt
Governmental Activities

	<u>2021</u>	<u>2020</u>
BEST Loan	\$ 1,204,167	\$ -
QZAB Loan	<u>555,850</u>	<u>626,439</u>
Total	<u><u>\$ 1,760,017</u></u>	<u><u>\$ 626,439</u></u>

Economic Factors Bearing on the District's Future

Each year Byers School District 32J prepares a budget plan with the focus on utilizing available resources to best support educational success. The budget plan encompasses instruction at each school, transportation, food services, maintenance, administration and more.

The district follows a multi-step budgeting process which includes input and values from staff, parents and community members. The District leadership prepares a budget plan that balances priorities of the community with federal, state and local mandates. The budget plan for fiscal year 2020-2021 supports the educational commitments of student learning, professional practice, and collective responsibility.

BYERS SCHOOL DISTRICT 32-J
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021
(UNAUDITED)

Due to the economic downturn and Colorado's associated budget crisis, the School Finance Act implemented a Budget stabilization factor for program funding in fiscal year 2010-11. The impact of the budget stabilization factor for Byers 32J School District has been substantial and has resulted in more than \$22,088,130 decreased funding over the past twelve years.

After a number of years of reduced funding resulting in budget reductions for school districts across the state, the State of Colorado restored some funding for public education that had previously been cut. The budget stabilization factor increased dramatically, due to the pandemic fear of lost revenue; however, by the end of the fiscal year the BS factor remained the same around 8.1% for fiscal year 2020-2021, an estimated \$5.67 million less in funding for the Byers 32J School District.

For fiscal year 2020-2021, the statewide base per pupil funding was increased for inflation by 1.9%. The statewide average per pupil base funding for fiscal year 2020-2021 is \$7,083; the Byers 32J School District per pupil revenue is \$10,345. The increase in state funding enabled investments for programs and services with high priority needs.

Effective for fiscal year 2020-21, this was the first budget year that provided additional federal stimulus dollars through the CARES Act – Coronavirus Relief Fund (CRF) and Elementary and Secondary School Relief (ESSER) Funds. The district utilized these funds to provide additional sanitation, air purifiers, cleaning staff and tools (hot spots, chrome books and software platforms) for students to be successful in the event of a long term closure.

Planned budgetary expenditure increases for fiscal year 2020-2021 consist of compensation increases of 1.5% to all district staff, 9% increases in health insurance, 6% increase in property insurance and 0.50% increase required contributions to the state's retirement plan.

Priorities for the upcoming school years include, but not limited to: improvements to outdoor fields, replacement of outdated HVAC units across the district, reintroduction of secondary music program, increasing salaries for certified staff, providing additional mental health supports for our students, families and staff, provide a safe and healthy learning environment, and the building of a storage facility for the transportation department.

Contacting the District's Financial Management

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

Superintendent of Schools
Byers School District
444 E. Front Street
Byers, Colorado 80103

BYERS SCHOOL DISTRICT 32-J
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Component Unit Charter Schools
ASSETS		
Cash and Investments	\$ 4,275,499	\$ 4,200,501
Cash with Fiscal Agent	877,177	-
Accounts Receivable	267,036	876,836
Property Taxes Receivable	234,877	-
Deposits	-	9,661
Inventories	8,554	-
Capital Assets	14,269,843	-
Accumulated Depreciation	(9,005,710)	-
Total Assets	<u>10,927,276</u>	<u>5,086,998</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	2,955,461	-
Other Post Employment Benefits	36,174	-
Total Deferred Outflows of Resources	<u>2,991,635</u>	<u>-</u>
LIABILITIES		
Accounts Payable	359,013	4,341,818
Accrued Salaries	552,980	567,456
Unearned Revenue	123,219	-
Compensated Absences	103,183	-
Net Pension Liability	9,214,589	-
Net OPEB Liability	334,834	-
Debt Payable - Current	410,936	-
Debt Payable - Long-Term	1,349,081	-
Total Liabilities	<u>12,447,835</u>	<u>4,909,274</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	4,009,427	-
Other Post Employment Benefits	114,669	-
Total Deferred Inflows of Resources	<u>4,124,096</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	4,051,111	-
Restricted for:		
Tabor Reserve	244,729	-
Multi Year Obligation	170,000	-
Food Service	127,874	-
Transportation	108,709	-
SPED	-	50,000
Unrestricted	(7,355,443)	127,724
Total Net Position	<u>(2,653,020)</u>	<u>177,724</u>

See accompanying Notes to Financial Statements.

BYERS SCHOOL DISTRICT 32-J
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Unit Charter School
Primary Government						
Government Activities						
Instruction	\$ 2,125,908	\$ 112,376	\$ 2,457,878	\$ 247,405	\$ 691,751	\$ -
Supporting Services	2,920,392	134,897	1,671,155	-	(1,114,340)	-
Interest on Long-Term Debt	56,090	-	-	-	(56,090)	-
Charter School Funding	34,536,482	-	-	-	(34,536,482)	-
Total Government Activities	39,638,872	247,273	4,129,033	247,405	(35,015,161)	-
Component Unit						
Charter School	<u>\$ 36,228,677</u>	<u>\$ -</u>	<u>\$ 2,366,580</u>	<u>\$ -</u>		<u>(33,862,097)</u>
GENERAL REVENUES						
Property Taxes					1,873,998	-
Specific Ownership Taxes					139,239	-
State Equalization					36,925,260	-
Intergovernmental					-	33,449,687
Earnings on Investments					1,162	-
Other Revenues					197,963	11,054
Total General Revenues					<u>39,137,622</u>	<u>33,460,741</u>
CHANGE IN NET POSITION					4,122,461	(401,356)
Net Position - Beginning Balance					<u>(6,775,481)</u>	<u>579,080</u>
NET POSITION - ENDING					<u>\$ (2,653,020)</u>	<u>\$ 177,724</u>

See accompanying Notes to Financial Statements.

BYERS SCHOOL DISTRICT 32-J
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>General</u>	<u>Designated Purpose Grants</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
ASSETS				
Cash and Investments	\$ 3,887,915	\$ 193,286	\$ 194,298	\$ 4,275,499
Cash with Fiscal Agent	877,177	-	-	877,177
Accounts Receivable	235,535	4,958	26,543	267,036
Property Taxes Receivable	234,877	-	-	234,877
Due from Other Funds	-	-	117,252	117,252
Inventories	-	-	8,554	8,554
Total Assets	<u>\$ 5,235,504</u>	<u>\$ 198,244</u>	<u>\$ 346,647</u>	<u>\$ 5,780,395</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 358,053	\$ 960	\$ -	\$ 359,013
Accrued Salaries	511,565	24,966	16,449	552,980
Due to Other Funds	58,298	58,954	-	117,252
Unearned Revenues	-	113,364	9,855	123,219
Total Liabilities	<u>927,916</u>	<u>198,244</u>	<u>26,304</u>	<u>1,152,464</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	-	-
Deferred Property Tax Revenues	<u>33,446</u>	<u>-</u>	<u>-</u>	<u>33,446</u>
Total Deferred Inflows of Resources	<u>33,446</u>	<u>-</u>	<u>-</u>	<u>33,446</u>
FUND BALANCES				
Nonspendable				
Inventory	-	-	8,554	8,554
Restricted for:				
Emergencies	244,729	-	-	244,729
Multi-Year Obligations	170,000	-	-	170,000
Construction	877,177	-	-	877,177
Food Service	-	-	119,320	119,320
Transportation	-	-	108,709	108,709
Committed to:				
Capital Outlay	221,511	-	-	221,511
Rental Properties	50,797	-	-	50,797
Day Care	94,803	-	-	94,803
Pupil Activities	-	-	83,760	83,760
Unassigned	<u>2,615,125</u>	<u>-</u>	<u>-</u>	<u>2,615,125</u>
Total Fund Balances	<u>4,274,142</u>	<u>-</u>	<u>320,343</u>	<u>4,594,485</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,235,504</u>	<u>\$ 198,244</u>	<u>\$ 346,647</u>	<u>\$ 5,780,395</u>

See accompanying Notes to Financial Statements.

BYERS SCHOOL DISTRICT 32-J
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total Governmental Fund Balance	\$ 4,594,485
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,264,133
Property taxes and other revenues - Revenues that do not provided current financial resources are unavailable on the governmental fund financial statements but recognized on the government-wide financial statements.	33,446
Long-term liabilities, including bonds payable, certification of participation, compensated absences, other postemployment benefits, and accrued interest are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds Payable	(555,850)
Loan Payable	(1,204,167)
Compensated Absences	(103,183)
Net Pension Liability	(9,214,589)
Net OPEB Liability	(334,834)
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Related to Pension	2,955,461
Related to OPEB	36,174
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Related to Pension	(4,009,427)
Related to OPEB	(114,669)
Net Position of Governmental Activities	<u><u>\$ (2,653,020)</u></u>

See accompanying Notes to Financial Statements.

BYERS SCHOOL DISTRICT 32-J
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General	Designated Purpose Grants	Other Governmental Funds	Total
REVENUES				
Property Taxes	\$ 1,891,460	\$ -	\$ -	\$ 1,891,460
Specific Ownership Taxes	139,239	-	-	139,239
Earnings on Investments	1,035	-	127	1,162
Other Local Sources	1,451,422	-	108,385	1,559,807
State Aid	37,709,228	217,850	77,270	38,004,348
Federal Aid	165,293	1,753,772	268,506	2,187,571
Total Revenues	<u>41,357,677</u>	<u>1,971,622</u>	<u>454,288</u>	<u>43,783,587</u>
EXPENDITURES				
Current:				
Instruction	2,668,961	738,876	-	3,407,837
Supporting Services:				
Students	192,552	325,931	85,459	603,942
Instructional Staff	45,147	-	-	45,147
District Administration	1,235,899	-	-	1,235,899
School Administration	338,108	-	-	338,108
Business	204,194	-	-	204,194
Operation and Maintenance of Facilities	326,523	-	-	326,523
Transportation	185,622	-	231,067	416,689
Central	60,902	-	-	60,902
Food Service	-	-	257,539	257,539
Capital Outlay	1,384,059	-	-	1,384,059
Debt Service:				
Principal	70,589	-	-	70,589
Interest and Fiscal Charges	56,090	-	-	56,090
Charter School Funding	33,629,667	906,815	-	34,536,482
Total Expenditures	<u>40,398,313</u>	<u>1,971,622</u>	<u>574,065</u>	<u>42,944,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	959,364	-	(119,777)	839,587
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	1,204,167	-	-	1,204,167
Total Other Financing Sources (Uses)	<u>1,204,167</u>	<u>-</u>	<u>-</u>	<u>1,204,167</u>
NET CHANGE IN FUND BALANCES	2,163,531	-	(119,777)	2,043,754
Fund Balances - Beginning	<u>2,110,611</u>	<u>-</u>	<u>440,120</u>	<u>2,550,731</u>
FUND BALANCES - ENDING	<u><u>\$ 4,274,142</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 320,343</u></u>	<u><u>\$ 4,594,485</u></u>

See accompanying Notes to Financial Statements.

BYERS SCHOOL DISTRICT 32-J
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

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

Net Change in Fund Balances of Governmental Funds	\$ 2,043,754
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Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation expense exceeded capital outlay in the current year.

Capital Outlay	1,374,285
Depreciation Expense	(412,630)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:

Payment of Principal Includes:

Debt Payments	70,589
Debt Proceeds	(1,204,167)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in government funds.

Earned but Unavailable Revenue	(22,254)
--------------------------------	----------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The (increase) decrease in these activities consist of the following:

Accrued Compensated Absences	(915)
OPEB Expense	22,956
Pension Expense	2,250,843

Change in Net Position of Governmental Activities	\$ <u>4,122,461</u>
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BYERS SCHOOL DISTRICT 32-J
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2021

	<u>Endowment Fund</u>
ASSETS	
Cash and Investments	\$ 2,020
Total Assets	<u>2,020</u>
LIABILITIES	
Other	<u>-</u>
Total Liabilities	<u>-</u>
NET POSITION	
Restricted	<u>2,020</u>
Total Net Position	<u><u>\$ 2,020</u></u>

See accompanying Notes to Financial Statements.

BYERS SCHOOL DISTRICT 32-J
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2021

	<u>Endowment Fund</u>
ADDITIONS	
Earnings on Investments	\$ -
Donations	<u>-</u>
Total Additions	<u>-</u>
DEDUCTIONS	
Other Expense	<u>20</u>
Total Deductions	<u>20</u>
NET INCREASE (DECREASE)	(20)
NET POSITION - BEGINNING OF YEAR	2,040
NET POSITION - END OF YEAR	<u><u>\$ 2,020</u></u>

See accompanying Notes to Financial Statements.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Byers School District Number 32J (the District) conform to generally accepted accounting principles as applicable to governmental 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 seven 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 Byers School District Number 32J. The District receives funding from local, state, and federal government sources and must comply with the 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.

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"* (GASE 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 include another 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.

Discretely Presented Component Unit - Charter School

The Legislature of the State of Colorado enacted the "Charter School Act - Colorado Revised Statutes (CRS) Section 22-30.5-10" in 1993. This Act permits the District to contract with individuals and organizations for the operation of schools within the District. The statutes define these contracted schools as "Charter Schools." Charter Schools are financed from a portion of the District's School Finance Act revenues and from revenues generated by the charter schools, within the limits established by the Charter School Act. Charter Schools have separate governing boards; however, the Byers School District's Board of Education must approve all Charter School applications and budgets.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discretely Presented Component Unit - Charter School (Continued)

The District currently has eight charter schools in operation, Colorado Virtual Academy Elementary School, Colorado Virtual Academy Middle School, Colorado Virtual Academy High School, Colorado Online Middle School, Colorado Online High School, Astravo Online Academy Elementary School, Astravo Online Academy Middle School, and Astravo Online Academy High School, which are reported as a network of schools within Colorado Education Solutions. The Charter Schools are a discretely presented component unit because of the significance of their financial relationship with the District.

The Charter Schools have issued separate financial statements for the fiscal year ended June 30, 2021. Complete financial statements may be obtained at the network's administrative offices: 165 S. Union Blvd. Suite 777, Lakewood, CO 80228.

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 Designated Purpose Grants) and individual enterprise funds are reported as separate columns in the fund financial statements.

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.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 unreserved 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.

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 loan payable 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.

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.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

- 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. Designated Purpose Grants - Special Revenue Fund - used to account for restricted state and federal grants including, but not limited to, Every Student Succeeds Act programs which must be expended as designated by the grantor.

Additionally, the District reports on the following fund type:

The Endowment Fund - this fund is used to account for donations to the District that are to be used for specific purposes. These funds are held in a fiduciary capacity by the District.

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.

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 inflow of resources. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 acquisition 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 and any remaining depreciation is recorded in the year of disposition.

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.

The long-term accumulated unpaid accrued sick leave is serviced from property taxes and other revenues by the respective fund type from future appropriations.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

In November 4, 1997 the registered voters approved a ballot resolution authorizing Byers School District Number 32J to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased without the consent of the voters.

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. 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 \$244,729 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.

Property Taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2021 property tax calendar for Arapahoe and Adams County was as follows:

Levy Date	December 15, 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, Delinquent Property Taxes	October 25, 2021

Accumulated Sick Leave

Compensated absences are made up of accumulated sick leave and vacation leave reported as non-current liabilities in the government-wide financial statements. As of June 30, 2021, the District has recorded an estimated liability of \$103,183 related to accrued sick and vacation leave payable for governmental activities.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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).
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.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 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:

	General Fund	Grants Fund	Special Revenue			Total
			Food Service	Pupil Activity	Transportation	
Nonspendable						
Inventory	\$ -	\$ -	\$ 8,554	\$ -	\$ -	\$ 8,554
Restricted						
Emergencies	244,729	-	-	-	-	244,729
Multi-Year Obligations	170,000	-	-	-	-	170,000
Construction	877,177	-	-	-	-	877,177
Food Service	-	-	119,320	-	-	119,320
Transportation	-	-	-	-	108,709	108,709
Committed						
Capital Outlay	221,511	-	-	-	-	221,511
Rental Properties	50,797	-	-	-	-	50,797
Day Care	94,803	-	-	-	-	94,803
Assigned						
Pupil Activities	-	-	-	83,760	-	83,760
Unassigned	2,615,125	-	-	-	-	2,615,125
Total Fund Balances	<u>\$ 4,274,142</u>	<u>\$ -</u>	<u>\$ 127,874</u>	<u>\$ 83,760</u>	<u>\$ 108,709</u>	<u>\$ 4,594,485</u>

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.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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 and Special Revenue Funds.
6. Budgets for the General, Special Revenue, and Fiduciary 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.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 CASH AND INVESTMENTS

A summary of cash and investments as of June 30, 2021 follows:

Deposits	\$ 4,235,819
Cash with Fiscal Agent	877,177
Investments	41,700
Total	<u><u>\$ 5,154,696</u></u>

Cash and investments are reported in the government-wide statement of net position:

Cash and Investments	\$ 5,152,676
Cash and Investments Fiduciary	2,020
Total	<u><u>\$ 5,154,696</u></u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The fair value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2021, the District deposits are with eligible public depositories and are considered to be held in the name of the District.

Investments

The District is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

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

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices; Level 3 inputs are significant unobservable inputs.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

As of June 30, 2021, the District had the following investments:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Fair Value</u>	<u>Investment Maturity (in Years) Less than 1</u>
ColoTrust Plus+ Fund	AAAm	41,700	41,700
Total		<u>\$ 41,700</u>	<u>\$ 41,700</u>

At June 30, 2021, the District had \$41,700 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust). ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating ColoTrust. ColoTrust is rated AAAm by Standard and Poor's. Investments of ColoTrust are limited to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments. ColoTrust records investments at fair value and the District at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Interest Rate Risk

State statutes generally limit investments to an original maturity of five years unless the governing Board authorizes the investment for a period in excess of five years.

Credit Risk

State statutes limit investments to those with specified ratings, as provided by nationally recognized statistical rating organizations, depending on the investment type.

NOTE 3 INTERFUND BALANCES AND TRANSFERS

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ -	\$ 58,298
Designated Purpose Grants	-	58,954
Non major	117,252	-
	<u>\$ 117,252</u>	<u>\$ 117,252</u>

Due to and Due from balances are the result of operating expenditures being paid on behalf of other funds. These amounts are expected to be repaid within the year.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balances 6/30/2020	Additions	Deletions	Balances 6/30/2021
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 173,215	\$ -	\$ -	\$ 173,215
Construction in Process	24,000	981,187	-	1,005,187
Total Capital Assets Not Being Depreciated	197,215	981,187	-	1,178,402
Capital Assets Being Depreciated:				
Buildings and Improvements	10,435,264	293,236	-	10,728,500
Equipment and Vehicles	2,398,046	99,862	(134,967)	2,362,941
Total Capital Assets Being Depreciated	12,833,310	393,098	(134,967)	13,091,441
Less Accumulated Depreciation for:				
Buildings and Improvements	6,583,282	316,306	-	6,899,588
Equipment and Vehicles	2,144,765	96,324	(134,967)	2,106,122
Total Accumulated Depreciation	8,728,047	412,630	(134,967)	9,005,710
Total Capital Assets, Being Depreciated, Net	4,105,263	(19,532)	-	4,085,731
Governmental Activities Capital Assets, Net	<u>\$ 4,302,478</u>	<u>\$ 961,655</u>	<u>\$ -</u>	<u>\$ 5,264,133</u>

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

Governmental Activities:	
Instructional Support	111,083
Supporting Services	301,547
Total Depreciation Expense	<u>\$ 412,630</u>

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 LONG-TERM DEBT

Changes in Long-term debt:

Following is a summary of long-term debt transactions during the fiscal year 2021.

	Balance at June 30, 2020	Additions	Payments	Balance at June 30, 2021	Due Within One Year
GOVERNMENTAL ACTIVITIES					
QZAB Bond	\$ 626,439	\$ -	\$ 70,589	\$ 555,850	\$ 70,589
BEST Grant Loan	-	1,204,167	-	1,204,167	237,164
Accumulated Leave	102,268	53,195	52,280	103,183	103,183
Total	<u>\$ 728,707</u>	<u>\$ 1,257,362</u>	<u>\$ 122,869</u>	<u>\$ 1,863,200</u>	<u>\$ 410,936</u>

QZAB BONDS

During the year ended June 30, 2012, the District issued \$1,200,000 in Qualified Zone Academy Bonds (QZABs). These bonds were created by Section 226 (a) of the Taxpayer Relief Act of 1997. The act allowed the issuance of debt by public schools within empowerment enterprise zones to be interest free. There must be an education program designed in cooperation with the businesses and receive a private business contribution that is not less than 10% of the net present value of the bond proceeds. Payments are made annually to advance fund the required payments in June 2029 of \$1,200,000. The original agreement allowed for debt payments to be interest free, however, in 2014, the federal subsidy payments were reduced by an annual sequestration rate which required the District to assist with the interest payments. That rate for 2020-2021 is 5.70% which required the District to pay an additional amount of \$3,396 into the sinking fund to be applied toward the interest portion of the debt. The Districts current portion of the interest will be at a rate of 0.25%.

BEST LOAN

On February 4, 2021, the District issued \$1,204,167 of BEST (Building Excellent Schools Today) matching money loan. The loan has a 1.190% interest rate. Principal payments are due annually on December 1 beginning in 2021 and running through 2025. The loan will serve as a portion of the District's match on the BEST grant program where the District was awarded approximately \$1 million of BEST grant funds to construct a new HVAC for the District building. The money placed into escrow is the collateral for the loan. In the event of a default, the interest rate would increase to 5% for late payments on the loan.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 LONG-TERM DEBT (CONTINUED)

Bond payment, to maturity, are as follows for QZAB Bond:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 70,589	\$ 58,560	\$ 129,149
2023	70,589	58,560	129,149
2024	70,589	58,560	129,149
2025	70,589	58,560	129,149
2026	70,589	58,560	129,149
2027-2029	202,905	175,680	378,585
Total	<u>\$ 555,850</u>	<u>\$ 468,480</u>	<u>\$ 1,024,330</u>

Loan payment, to maturity, are as follows for BEST Grant Loan:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 237,164	\$ 11,822	\$ 248,986
2023	237,478	11,508	248,986
2024	240,304	8,682	248,986
2025	243,164	5,822	248,986
2026	246,057	2,929	248,986
Total	<u>\$ 1,204,167</u>	<u>\$ 40,763</u>	<u>\$ 1,244,930</u>

NOTE 6 RISK MANAGEMENT

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

The District purchases commercial insurance for its workers compensation risks. For its general liability risks and risk of property loss or damage, the District participates in the Colorado School Districts Self-Insurance Pool (CSDSIP). There have been no significant changes in the insurance programs from the prior year. For the prior three years, the amount of claims payments for property and liability insurance has not exceeded the amount of insurance coverage.

The CSDSIP is a public entity risk pool currently operating as a common risk management and insurance program with member school districts, Board of Cooperative Educational Services, and charter schools. The District pays an annual premium to the CSDSIP for its property, casualty, and liability insurances. The CSDSIP retains liability losses up to \$750,000 per occurrence and purchases reinsurance coverage of \$9,250,000 per occurrence in excess of the Pool retention. The CSDSIP property insurance policy provides limits up to \$1,000,000,000 per occurrence subject to the Pool retention of \$1,000,000 per occurrence. Flood and earthquake coverage is provided by the CSDSIP has limits of \$100,000,000 per occurrence/aggregate for the entire pool.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 JOINTLY GOVERNED ORGANIZATION

The District, in conjunction with other surrounding districts, created the East Central Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost. The BOCES Board is comprised of one member from each participating district. During the year ended June 30, 2021, the District contributed \$131,722 to the BOCES. The BOCES financial statements can be obtained from the Office of the Colorado State Auditor.

NOTE 8 PENSION PLAN

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions

Byers School District Number 32-J 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 made 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 District are provided with pensions through the SCHDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 PENSION PLAN (CONTINUED)

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.

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.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 PENSION PLAN (CONTINUED)

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, the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 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:

	July 1, 2020 Through June 30, 2021
Employer Contribution Rate ¹	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	(1.02)%
Amount Apportioned to the SCHDTF ¹	9.88 %
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411 ¹	4.50 %
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411 ¹	5.50 %
Total Employer Contribution Rate to the SCHDTF ¹	19.88 %

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

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 PENSION PLAN (CONTINUED)

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 District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$711,342 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 District proportion of the net pension liability was based on the District 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.

At June 30, 2021, the District reported a liability of \$9,214,589 for its proportionate share of the net pension liability. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate Share of the Net Pension Liability	9,214,589
State's Proportionate Share of the Net Pension Liability Associated with the District	(0)
Total	9,214,589

At December 31, 2020, the District proportion was 0.06095 percent, which was an increase of 0.00728 percent from its proportion measured as of December 31, 2019.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 PENSION PLAN (CONTINUED)

For the year ended June 30, 2021, the District recognized pension expense of (\$2,648,359) and revenue of \$-0- for support from the State as a nonemployer contributing entity. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 506,296	\$ -
Changes of Assumptions or other Inputs	886,415	1,548,894
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	-	2,028,341
Changes in Proportion and Differences between		
Contributions Recognized and Proportionate Share		
of Contributions	1,165,233	432,192
Contributions Subsequent to the Measurement Date	397,517	-
Total	<u>\$ 2,955,461</u>	<u>\$ 4,009,427</u>

\$397,517 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:

<u>Year Ended June 30:</u>	
2022	\$ (1,509,309)
2023	551,707
2024	(173,899)
2025	(319,982)
2026	-
Thereafter	-

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 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%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007; and DPS Benefit Structure (Automatic)	1.25% Compounded Annually Annually
PERA Benefit Structure hired after December 31, 2006 (Ad Hoc, Substantively Automatic)	Financed by the Annual Increase Reserve

¹ 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.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 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%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007; and DPS Benefit Structure (Automatic)	1.25% Compounded Annually Annually
PERA Benefit Structure hired after December 31, 2006 (Ad Hoc, Substantively Automatic)	Financed by the Annual Increase Reserve

¹ 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.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 PENSION PLAN (CONTINUED)

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.

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 percentages and then adding expected inflation.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 PENSION PLAN (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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30-Year Expected Geometric Real Rate of Return</u>
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 ¹	6.00	4.70
Total	<u>100.00 %</u>	

¹ 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.

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.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 PENSION PLAN (CONTINUED)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. 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.

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.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 PENSION PLAN (CONTINUED)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net Pension Liability	\$ 12,569,453	\$ 9,214,589	\$ 6,418,881

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 Byers School District Number 32J 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 and investment earnings. For the year ended June 30, 2021, program members contributed \$58,528.

NOTE 9 OTHER POST EMPLOYMENT BENEFITS

Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (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.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

General Information About the OPEB Plan

Plan Description

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

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.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The 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.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$36,494 for the year ended June 30, 2021

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

At June 30, 2021, the District reported a liability of \$334,834 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 District proportion of the net OPEB liability was based on the District 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 District proportion was 0.03524 percent, which was an increase of 0.00016 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of (\$40,974). At June 30, 2021, the District 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	\$ 889	\$ 73,613
Changes of Assumptions or other Inputs	2,502	20,532
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	13,682
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share Share of Contributions	14,765	6,842
Contributions Subsequent to the Measurement Date	18,018	-
Total	<u>\$ 36,174</u>	<u>\$ 114,669</u>

\$18,018 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:

<u>Year Ended June 30:</u>	
2022	\$ (20,097)
2023	(18,183)
2024	(24,616)
2025	(24,511)
2026	(8,565)
Thereafter	(541)

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 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 the 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	
Service-based Premium Subsidy	0.00%
PERACare Medicare Plans	8.10% in 2020, gradually decreasing to 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 Advantage/Self-Insured Prescription	\$ 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.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 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:

<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
8.10%	3.50%
6.40%	3.75%
6.00%	3.75%
5.70%	3.75%
5.50%	4.00%
5.30%	4.00%
5.10%	4.00%
4.90%	4.25%
4.70%	4.25%

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.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 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			
		School	Government	Judicial
	State Division	Division	Division	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% ¹	N/A

¹ 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.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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.

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.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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.

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.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

- 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.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30-Year Expected Geometric Real Rate of Return</u>
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 ¹	6.00	4.70
Total	<u>100.00 %</u>	

¹ 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.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	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%
Proportionate Share of the Net OPEB Liability	\$ 326,179	\$ 334,834	\$ 344,908

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.
- 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.

BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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 Byers School District 32-J 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	\$ 383,558	\$ 334,834	\$ 293,203

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.

NOTE 10 COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. 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. At June 30, 2021, significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, will not have a material effect on the overall financial position of the District.

TABOR Amendment

In November 1992, Colorado voters passed an amendment to Article X, Section 20, of the State Constitution (the Amendment) which limits state and local government taxing powers and imposes spending limitations. In November 2000, voters within the District authorized the District to collect, retain, and expend all revenues received in 2000 and any year thereafter. The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment.

**BYERS SCHOOL DISTRICT 32-J
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Amendment requires the District to establish a reserve for emergencies, representing 3% of qualifying revenue. At June 30, 2021, the District's reserve of \$244,729 was reported as restricted fund balance in the General Fund.

Litigation

The District is involved in various pending or threatened litigation. The outcome of these matters cannot be predicted at this time.

REQUIRED SUPPLEMENTARY INFORMATION

**BYERS SCHOOL DISTRICT 32-J
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021**

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.

Designated Purpose Grant Fund

This fund is provided to maintain a separate accounting for federal and state grant funded programs which normally have a different fiscal period than that of the District.

Pension Trend Data

Other Post-Employment Benefits

BYERS SCHOOL DISTRICT 32-J
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Local Sources:				
Property Taxes	\$ 1,701,562	\$ 1,676,246	\$ 1,891,460	\$ 215,214
Specific Ownership Taxes	127,684	127,684	139,239	11,555
Earnings on Investments	3,100	6,230	1,035	(5,195)
Charges for Services	392,917	1,096,723	1,109,779	13,056
Other	201,781	220,031	341,643	121,612
Total Local Sources	2,427,044	3,126,914	3,483,156	356,242
State Sources:				
State Equalization	14,791,556	36,168,029	36,930,561	762,532
Transportation	70,969	66,700	(5,301)	(72,001)
Vocational Education	25,000	25,000	22,356	(2,644)
Special Education	67,300	127,652	126,068	(1,584)
Other	150,792	254,683	635,544	380,861
Total State Sources	15,105,617	36,642,064	37,709,228	1,067,164
Federal Sources:				
Other	-	89,000	165,293	76,293
Total Federal Sources	-	89,000	165,293	76,293
Total Revenues	17,532,661	39,857,978	41,357,677	1,499,699
EXPENDITURES				
Instruction:				
Salaries	1,938,362	2,027,510	1,648,740	378,770
Employee Benefits	669,124	712,328	622,316	90,012
Purchased Services	270,995	271,995	277,421	(5,426)
Supplies and Materials	142,269	141,454	111,802	29,652
Capital Outlay	6,975	5,975	746,926	(740,951)
Other	7,480	7,480	8,682	(1,202)
Total Instruction	3,035,205	3,166,742	3,415,887	(249,145)
Supporting Services:				
Students:				
Salaries	91,208	124,784	98,674	26,110
Employee Benefits	30,868	31,865	19,974	11,891
Purchased Services	134,422	134,422	70,450	63,972
Supplies and Materials	2,100	2,100	2,031	69
Capital Outlay	900	900	-	900
Other	1,900	1,900	1,423	477
Total Students	261,398	295,971	192,552	103,419

**BYERS SCHOOL DISTRICT 32-J
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)				
Supporting Services (Continued):				
Instructional Staff:				
Salaries	\$ 89,578	\$ 27,932	27,818	\$ 114
Employee Benefits	36,310	14,917	12,935	1,982
Purchased Services	20,070	-	-	-
Supplies and Materials	12,050	6,550	4,394	2,156
Capital Outlay	13,300	13,300	15,025	(1,725)
Other	50	50	-	50
Total Instructional Staff	171,358	62,749	60,172	2,577
General Administration:				
Salaries	139,896	250,269	275,163	(24,894)
Employee Benefits	59,269	150,939	124,962	25,977
Purchased Services	265,700	356,770	344,713	12,057
Supplies and Materials	89,700	462,700	481,855	(19,155)
Capital Outlay	360,500	590,500	592,704	(2,204)
Debt Service - Principal	75,684	75,684	70,589	5,095
Debt Service - Interest	56,090	56,090	56,090	-
Other	8,800	8,800	9,206	(406)
Total General Administration	1,055,639	1,951,752	1,955,282	(3,530)
School Administration:				
Salaries	231,339	232,778	238,071	(5,293)
Employee Benefits	86,071	95,505	91,179	4,326
Purchased Services	4,600	4,600	670	3,930
Supplies and Materials	11,900	11,900	7,269	4,631
Capital Outlay	1,350	1,350	303	1,047
Other	4,300	4,300	919	3,381
Total School Administration	339,560	350,433	338,411	12,022
Business Services:				
Salaries	99,513	113,000	121,121	(8,121)
Employee Benefits	43,846	43,846	46,407	(2,561)
Purchased Services	18,800	18,800	35,268	(16,468)
Supplies and Materials	2,500	2,500	1,232	1,268
Capital Outlay	15,300	15,300	15,511	(211)
Other	250	250	166	84
Total Business Services	180,209	193,696	219,705	(26,009)

**BYERS SCHOOL DISTRICT 32-J
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)				
Supporting Services (Continued):				
Operations and Maintenance:				
Salaries	\$ 199,431	\$ 214,431	\$ 201,393	\$ 13,038
Employee Benefits	75,000	60,000	69,303	(9,303)
Purchased Services	97,000	46,000	35,446	10,554
Supplies and Materials	127,000	22,000	20,282	1,718
Capital Outlay	4,000	4,000	109	3,891
Other	300	300	99	201
Total Operations and Maintenance	502,731	346,731	326,632	20,099
Student Transportation:				
Salaries	170,645	170,645	126,361	44,284
Employee Benefits	55,000	60,000	57,378	2,622
Purchased Services	43,050	43,050	661	42,389
Supplies and Materials	47,500	47,500	1,222	46,278
Other	1,200	1,200	-	1,200
Total Student Transportation	317,395	322,395	185,622	136,773
Central Support:				
Salaries	36,595	37,144	37,146	(2)
Employee Benefits	8,362	8,673	8,127	546
Purchased Services	18,500	18,500	15,098	3,402
Supplies and Materials	500	500	531	(31)
Capital Outlay	20,000	20,000	13,481	6,519
Other	500	500	-	500
Total Central Support	84,457	85,317	74,383	10,934
Total Support Services	2,912,747	3,609,044	3,352,759	256,285
Charter School Funding	12,043,846	33,752,667	33,629,667	123,000
Total Expenditures	17,991,798	40,528,453	40,398,313	130,140
OTHER FINANCING SOURCES(USES)				
Transfers Out	(8,000)	(8,000)	-	8,000
Proceeds from Loan	-	-	1,204,167	1,204,167
Total Other Financial Sources (Uses)	-	-	1,204,167	1,204,167
NET CHANGE IN FUND BALANCE	(459,137)	(670,475)	2,163,531	2,834,006
Fund Balance - Beginning	403,047	1,787,666	2,110,611	(322,945)
FUND BALANCE - ENDING	<u>\$ (56,090)</u>	<u>\$ 1,117,191</u>	<u>\$ 4,274,142</u>	<u>\$ 2,511,061</u>

BYERS SCHOOL DISTRICT 32-J
DESIGNATED PURPOSE GRANTS – NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
State Sources	\$ 80,000	\$ 221,210	\$ 217,850	\$ (3,360)
Federal Sources	379,219	1,858,818	1,753,772	(105,046)
Total Revenues	<u>459,219</u>	<u>2,080,028</u>	<u>1,971,622</u>	<u>(108,406)</u>
EXPENDITURES				
Instruction:				
Salaries	99,332	1,412,660	566,238	846,422
Employee Benefits	42,467	39,000	123,279	(84,279)
Purchased Services	205,259	370,419	26,286	344,133
Supplies and Materials	13,993	16,060	23,073	(7,013)
Total Instruction	<u>361,051</u>	<u>1,838,139</u>	<u>738,876</u>	<u>1,099,263</u>
Supporting Services:				
Salaries	47,424	63,309	97,059	(33,750)
Employee Benefits	18,168	31,936	36,288	(4,352)
Purchased Services	7,461	25,861	23,628	2,233
Supplies and Materials	6,994	40,945	23,916	17,029
Capital Outlay	-	47,596	46,051	1,545
Other	18,168	32,242	98,989	(66,747)
Total Supporting Services	<u>98,215</u>	<u>241,889</u>	<u>325,931</u>	<u>(84,042)</u>
Charter School Funding	-	846,328	906,815	(60,487)
Total Expenditures	<u>459,266</u>	<u>2,926,356</u>	<u>1,971,622</u>	<u>954,734</u>
NET CHANGE IN FUND BALANCE	98,168	241,889	-	241,889
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 98,168</u>	<u>\$ 241,889</u>	<u>\$ -</u>	<u>\$ 241,889</u>

BYERS SCHOOL DISTRICT 32-J
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS

Fiscal Year	2021	2020	2019	2018	2017	2016	2015	2014
Plan Measurement Date	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
(Entity)'s Proportion of the Net Pension Liability	0.060951177%	0.053674910%	0.055134057%	0.062007821%	0.058656692%	0.059904959%	0.060716862%	0.059142421%
(Entity)'s Proportionate Share of the Net Pension Liability	\$ 9,214,589	\$ 8,018,915	\$ 9,762,617	\$ 20,051,126	\$ 17,464,365	\$ 9,162,041	\$ 8,229,174	\$ 7,543,600
State's Proportionate Share of the Net Pension Liability associated with the (Entity) **	-	1,017,097	1,334,903	-	-	-	-	-
Total	<u>\$ 9,214,589</u>	<u>\$ 9,036,012</u>	<u>\$ 11,097,520</u>	<u>\$ 20,051,126</u>	<u>\$ 17,464,365</u>	<u>\$ 9,162,041</u>	<u>\$ 8,229,174</u>	<u>\$ 7,543,600</u>
(Entity)'s Covered Payroll	3,246,509	3,164,623	3,031,014	2,860,642	2,718,885	2,610,644	2,545,820	2,384,219
(Entity)'s Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	283.8%	253.4%	322.1%	700.9%	642.3%	350.9%	323.2%	316.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%	62.8%	64.1%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2014 was not available.

** A direct distribution 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.

BYERS SCHOOL DISTRICT 32-J
SCHEDULE OF PENSION CONTRIBUTIONS AND RELATED RATIOS
LAST 10 FISCAL YEARS
YEAR ENDED JUNE 30,

Fiscal Year	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 711,342	\$ 618,769	\$ 594,929	\$ 548,301	\$ 515,602	\$ 471,903	\$ 437,581	\$ 388,784	\$ 354,852
Contributions in Relation to the Contractually Required Contribution	711,342	618,769	594,929	548,301	515,602	471,903	437,581	388,784	354,852
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 3,577,887	\$ 3,192,823	\$ 3,109,927	\$ 2,903,805	\$ 2,804,717	\$ 2,661,386	\$ 2,592,928	\$ 2,434,209	\$ 2,352,094
Contributions as a Percentage of Covered Payroll	19.9%	19.4%	19.1%	18.9%	18.4%	17.7%	16.9%	16.0%	15.1%

The amounts presented for each fiscal year were determined as of June 30.

This schedule is presented to illustrate the requirement to show information for 10 years.

**BYERS SCHOOL DISTRICT 32-J
SCHEDULES OF THE DISTRICT'S PROPORTIONATE
SHARE OF OPEB LIABILITY
LAST 10 FISCAL YEARS**

Fiscal Year	2021	2020	2019	2018	2017
Plan Measurement Date	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
(Entity)'s Proportion (Percentage) of the Collective Net OPEB Liability	0.0352373155%	0.0350754305%	0.0358374204%	0.0352363578%	0.0332128714%
(Entity)'s Proportionate Share of the Collective Net OPEB Liability	\$ 334,834	\$ 394,247	\$ 487,583	\$ 457,932	\$ 430,616
Covered payroll	\$ 3,246,509	\$ 3,164,623	\$ 3,031,014	\$ 2,860,642	\$ 2,718,885
(Entity)'s Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	10.31%	12.46%	16.09%	16.01%	15.84%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	32.78%	24.49%	17.03%	17.53%	16.72%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2017 was not available.

The amounts presented for each fiscal year were determined as of December 31.

BYERS SCHOOL DISTRICT 32-J
SCHEDULE OF OPEB CONTRIBUTIONS AND RELATED RATIOS
LAST 10 FISCAL YEARS
YEAR ENDED JUNE 30,

Fiscal Year	2021	2020	2019	2018	2017
Contractually Required Contribution	\$ 36,494	\$ 32,567	\$ 31,721	\$ 29,619	\$ 28,608
Contributions in Relation to the Contractually Required Contribution	36,494	32,567	31,721	29,619	28,608
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
(Entity)'s Covered Payroll	\$ 3,577,887	\$ 3,192,823	\$ 3,109,927	\$ 2,903,805	\$ 2,804,717
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%

The amounts presented for each fiscal year were determined as of June 30.

This schedule is presented to illustrate the requirement to show information for 10 years.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

**BYERS SCHOOL DISTRICT 32-J
JUNE 30, 2021**

NON MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds account for revenues 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.

Transportation Fund - This fund accounts for the tax proceeds from a transportation mill levy override. State Transportation Funds are also recorded here. The costs associated with student transportation are recorded in this fund.

FIDUCIARY FUND TYPES

Endowment Fund

This fund accounts for revenues and expenditures associated with various special projects not reported in other funds. Revenues are provided through alumni donations and fund raisers.

BYERS SCHOOL DISTRICT 32-J
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue			
	Food Service	Pupil Activity	Transportation	Total
ASSETS				
Cash and Investments	110,538	83,760	-	194,298
Accounts Receivable	26,543	-	-	26,543
Due from Other Funds	8,543	-	108,709	117,252
Inventory	8,554	-	-	8,554
Total Assets	<u>154,178</u>	<u>83,760</u>	<u>108,709</u>	<u>346,647</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	-	-	-	-
Accrued Salaries	16,449	-	-	16,449
Unearned Revenues	9,855	-	-	9,855
Total Liabilities	<u>26,304</u>	<u>-</u>	<u>-</u>	<u>26,304</u>
FUND BALANCES				
Nonspendable Inventories				
Inventory	8,554	-	-	8,554
Restricted for:				
Food Services	119,320	-	-	119,320
Transportation	-	-	108,709	108,709
Committed to:				
Pupil Activities	-	83,760	-	83,760
Total Fund Balance	<u>127,874</u>	<u>83,760</u>	<u>108,709</u>	<u>320,343</u>
Total Liabilities and Fund Balances	<u>154,178</u>	<u>83,760</u>	<u>108,709</u>	<u>346,647</u>

BYERS SCHOOL DISTRICT 32-J
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	Special Revenue			Total
	Food Service	Pupil Activity	Transportation	
REVENUES				
Other Local Sources	\$ 8,899	\$ 95,795	\$ 3,691	\$ 108,385
State Aid	2,078	-	75,192	77,270
Federal Aid	268,506	-	-	268,506
Earnings on Investments	127	-	-	127
Total Revenues	<u>279,610</u>	<u>95,795</u>	<u>78,883</u>	<u>454,288</u>
EXPENDITURES				
Current:				
Supporting Services				
Students	-	85,459	-	85,459
Transportation	-	-	231,067	231,067
Food Service	257,539	-	-	257,539
Total Expenditures	<u>257,539</u>	<u>85,459</u>	<u>231,067</u>	<u>574,065</u>
NET CHANGE IN FUND BALANCES	22,071	10,336	(152,184)	(119,777)
Fund Balances - Beginning	<u>105,803</u>	<u>73,424</u>	<u>260,893</u>	<u>440,120</u>
FUND BALANCES - ENDING	<u>\$ 127,874</u>	<u>\$ 83,760</u>	<u>\$ 108,709</u>	<u>\$ 320,343</u>

**BYERS SCHOOL DISTRICT 32-J
BUDGETARY COMPARISON SCHEDULE
PUPIL ACTIVITY FUND
YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Local Sources	\$ 230,000	\$ 230,000	\$ 95,795	(134,205)
Total Revenues	230,000	230,000	95,795	(134,205)
EXPENDITURES				
Student Activities	230,000	230,000	85,459	144,541
Total Expenditures	230,000	230,000	85,459	144,541
NET CHANGE IN FUND BALANCE	-	-	10,336	10,336
Fund Balance - Beginning	78,460	73,424	73,424	-
FUND BALANCE - ENDING	<u>\$ 78,460</u>	<u>\$ 73,424</u>	<u>\$ 83,760</u>	<u>\$ 10,336</u>

**BYERS SCHOOL DISTRICT 32-J
BUDGETARY COMPARISON SCHEDULE
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Local Sources:				
Food Sales	\$ 81,300	\$ 81,300	\$ 7,336	\$ (73,964)
Earnings on Investments	50	50	127	77
Other	1,300	1,300	1,563	263
State Sources:				
School Lunches	5,900	5,900	2,078	(3,822)
Federal Sources:				
School Lunches	150,000	150,000	252,554	102,554
Commodities	14,000	14,000	15,952	1,952
Other	-	30,000	-	(30,000)
Other Financing Sources (Uses):	8,000	8,000	-	(8,000)
Total Revenues	<u>260,550</u>	<u>290,550</u>	<u>279,610</u>	<u>(10,940)</u>
EXPENDITURES				
Salaries	104,422	108,688	109,171	(483)
Employee Benefits	35,953	38,000	37,948	52
Purchased Services	6,000	6,000	1,826	4,174
Supplies and Materials	134,000	164,100	106,131	57,969
Capital Outlay	14,000	14,000	2,418	11,582
Other	1,500	1,500	45	1,455
Total Expenditures	<u>295,875</u>	<u>332,288</u>	<u>257,539</u>	<u>74,749</u>
NET CHANGE IN FUND BALANCE	(35,325)	(41,738)	22,071	63,809
Fund Balance - Beginning	<u>62,218</u>	<u>105,802</u>	<u>105,803</u>	<u>1</u>
FUND BALANCE - ENDING	<u>\$ 26,893</u>	<u>\$ 64,064</u>	<u>\$ 127,874</u>	<u>\$ 63,810</u>

**BYERS SCHOOL DISTRICT 32-J
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION FUND
YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Local Sources	\$ -	\$ -	\$ 3,691	\$ 3,691
State Sources	-	-	75,192	75,192
Total Revenues	-	-	78,883	78,883
EXPENDITURES				
Transportation	259,119	260,893	231,067	29,826
Total Expenditures	259,119	260,893	231,067	29,826
NET CHANGE IN FUND BALANCE	(259,119)	(260,893)	(152,184)	108,709
Fund Balance - Beginning	259,119	260,893	260,893	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,709</u>	<u>\$ 108,709</u>

**BYERS SCHOOL DISTRICT 32-J
BUDGETARY COMPARISON SCHEDULE
ENDOWMENT FUND
YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Earnings on Investments				
Other Local Sources	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Total Revenues	1,000	1,000	-	(1,000)
EXPENDITURES				
Other Expenditures	1,000	2,040	20	2,020
Total Expenditures	1,000	2,040	20	2,020
NET CHANGE IN FUND BALANCE	-	(1,040)	(20)	1,020
Fund Balance - Beginning	2,060	2,040	2,040	-
FUND BALANCE - ENDING	<u>\$ 2,060</u>	<u>\$ 1,000</u>	<u>\$ 2,020</u>	<u>\$ 1,020</u>

COMPLIANCE SECTION

**BYERS SCHOOL DISTRICT 32-J
AUDITORS' INTEGRITY REPORT
YEAR ENDED JUNE 30 2021**



Colorado Department of Education
Auditors Integrity Report
District: 0190 - Byers 32J
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	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+	=	=	=
10 General Fund	2,144,144	8,828,714	6,698,720	4,274,137
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	103,463	103,455	8
Sub-Total	2,144,144	8,932,177	6,802,175	4,274,145
11 Charter School Fund	579,080	36,098,528	36,499,885	177,724
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Maint. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	105,807	279,607	257,541	127,873
22 Govt Designated-Purpose Grants Fund	0	1,971,623	1,971,623	0
23 Pupil Activity Special Revenue Fund	73,424	95,795	85,460	83,759
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	260,893	78,884	231,067	108,709
31 Bond Redemption Fund	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Maint Fund	0	0	0	0
Totals	3,163,348	47,456,614	48,847,751	4,772,211
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	2,040	0	20	2,020
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34-Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	2,040	0	20	2,020

FINAL

12/15/21



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

Board of Education
Byers School District 32-J
Byers, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Byers School District 32-J, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Byers School District 32-J's basic financial statements, and have issued our report thereon dated December 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Byers School District 32-J's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Byers School District 32-J's internal control. Accordingly, we do not express an opinion on the effectiveness of Byers School District 32-J's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items 2021-001 and 2021-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Byers School District 32-J's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Byers School District 32-J's Response to Findings

Byers School District 32-J's response to the findings identified in our audit is described in the accompanying schedule of findings. Byers School District 32-J's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Broomfield, Colorado
December 8, 2021

**BYERS SCHOOL DISTRICT 32-J
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30 2021**

Section II – Financial Statement Findings

2021 – 001 BEST Grant

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: Construction invoices related to the BEST grant were not accrued as expenditures and payables in the year of service. The cash with fiscal agent associated with the new loan was not reflected in the activity for the District.

Criteria: Governmental Accounting Standards Board Statement No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements – An Interpretation of NCGA Statements 1, 4, and 5; NCGA Interpretation 8; And GASB Statements No. 10, 16, and 18*, and subsequent amendments to this guidance define accrual accounting and provide guidance for proper accounting of these liabilities.

Context: During testing of the BEST grant, it was noted that invoices applicable to work performed in 2021 for an ongoing construction in progress project were not recorded as expenditures for the District. It was also noted that the retainage payable associated with the project was also not accrued as a payable as of the end of the year. Also, the new loan proceeds and cash held with fiscal agent were not recorded.

Effect: As a result of this issue, the following adjustments were required to be posted by the District:

- General Fund – An adjustment to increase Accounts Payable and Expenditures by \$330,182. An adjustment to increase cash with fiscal agent, issuances costs, and loan proceeds by \$1,168,765, \$35,402, and \$1,204,167.

Cause: BEST grant activity was not properly reviewed and reported.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the District increase its review of invoices received from construction related vendors.

Views of responsible officials and planned corrective actions: The District agrees with the finding and has adjusted cash, expenditures, payables, and other financing sources accordingly. The District will improve the process for reconciling items related grants and vendor payments on on going construction projects.

Responsible Official: Stacy Sondburg, Business Manager

**BYERS SCHOOL DISTRICT 32-J
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30 2021**

2021 – 002 Reconciliation of grant related revenues and expenditures

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: Revenues and related unearned revenue balances presented by the District did not agree to cash receipts received or expenditures during the audit period.

Criteria: Based on the guidance in Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, grant revenue should be recognized when eligibility requirements are met, and the resources are available.

Context: The error was noted during testing of grant revenues and expenditures which included reconciliation of the account balance to underlying transactional level detail and testing of significant transactions.

Effect: As a result of this issue, the following adjustments were required to be posted by the District:

- Grants Fund – Adjustments to increase unearned revenue \$113,364 and decrease revenue by \$113,364.

Cause: The District's process for reconciling grant related activity did not identify the differences between expenditures and corresponding revenues for federal programs.

Repeat Finding: No.

Recommendation: We recommend that the District improve the process for reconciling grant related activity on a monthly basis to be reported correctly at year end.

Views of responsible officials and planned corrective actions: The District agrees with the finding and has adjusted revenue and unearned revenue accordingly. The District will improve the process for reconciling grant activity and improve the review process to ensure that this error does not occur again. All of the factors contributing to the cause of this error are being actively addressed to minimize the change of future errors.