

**Calhan School District RJ-1
Calhan, Colorado**

Financial Statements

**For the Year Ended
June 30, 2021**

**Calhan School District RJ-1
Table of Contents
June 30, 2021**

	Page
Independent Auditor’s Report	1
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Governmental Fund Financial Statements:	
Balance Sheet	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Notes to the Financial Statements	10
Required Supplementary Information	
Schedule of the District’s Proportionate Share of the Net Pension Liability	34
Schedule of the District’s Proportionate Share of the Net OPEB Liability	35
Schedule of Contributions and Related Ratios	36
Schedule of Contributions and Related Ratios OPEB	37
Other Information	
Balance Sheet – Other Governmental Funds	38
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	39
Individual Fund Financial Statements:	
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual:	
General	40
Food Service	41
Student Activity	42
Capital Projects	43
Insurance	44
Auditor’s Integrity Report	45
Single Audit	
Schedule of Findings and Questioned Costs	46
Schedule of Expenditures of Federal Awards	47
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	48
Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance	50

***r*farmer, llc**
a certified public accounting and consulting firm

Independent Auditor's Report

Board of Education
Calhan School District RJ-1

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Calhan School District RJ-1 (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position 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 budgetary information on page 40, the Schedule of District's Proportionate Share of the Net Pension Liability on page 34, the Schedule of District's Proportionate Share of the Other Post-Employment benefits on page 35, and the Schedules of Contributions and Related Ratios on page 36 and 37 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.

Management has elected to omit the Management's Discussion and Analysis. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board. The omission of this information does not affect our opinion on the basic financial statements.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information including the combining and individual nonmajor fund statements, including the budgetary comparison information, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information and the Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates 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 supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the

effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

rfarmer, llc

February 1, 2022

BASIC FINANCIAL STATEMENTS

**Calhan School District
Statement of Net Position
June 30, 2021**

	Governmental Activities--Total
ASSETS	
Cash and Equivalents	\$ 1,745,174
Receivables	504,062
Inventories	6,839
Capital Assets:	
Site	92,868
Site Improvements	667,615
Buildings	9,277,609
Equipment	717,393
Transportation	1,135,341
Less: Accumulated Depreciation	(4,612,841)
Total Capital Assets	7,277,985
DEFERRED OUTFLOWS OF RESOURCES	
Pension Plan	2,101,524
Total Assets	11,635,584
 LIABILITIES	
Accounts payable and accrued expenses	237,652
Unearned Revenues	4,731
Long-term Liabilities	
Due in more than one year	
Net Pension Liability	8,430,390
Total Liabilities	8,672,773
DEFERRED INFLOWS OF RESOURCES	
Pension differences	3,826,139
 NET POSITION	
Net investment in Capital Assets	7,277,985
Restricted:	
TABOR and Preschool	154,745
Unrestricted	(8,296,058)
Total Net Position	\$ (863,328)

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

Calhan School District
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs Primary government	Program Revenue			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities					
Instructional:					
Instructional	\$ 2,247,494	\$ 90,590	\$ 1,196,340	\$ -	(960,564)
Pupil Services	59,448	-	-	-	(59,448)
General Administration	147,831	-	-	-	(147,831)
School Administration	495,503	-	-	-	(495,503)
Student Activities	192,116	63,768	-	-	(128,348)
Total Instructional	3,142,392	154,358	1,196,340	-	(1,791,694)
Support Services:					
Accounting	159,819	-	-	-	(159,819)
Operations and Maintenance	392,606	-	-	-	(392,606)
Pupil Transportation	408,873	-	-	-	(408,873)
Districtwide Costs	963,464	373,513	-	5,230	(584,721)
Food Service	211,963	5,124	205,598	-	(1,241)
Total Support Services	2,136,725	378,637	205,598	5,230	(1,547,260)
Total governmental activities	5,279,117	532,995	1,401,938	5,230	(3,338,954)
General revenues:					
Taxes:					
Property taxes, levied for general purposes				\$	1,246,419
Specific ownership, general					145,171
State & federal aid not restricted to specific functions:					
State equalization/Per pupil revenue					2,912,224
Unrestricted investment earnings					3,604
Miscellaneous					270,507
Special item - gain (loss) on sale of assets					(64,316)
Total general revenues, special items, and transfers					4,513,609
Change in net position					1,174,655
Net position - beginning					(2,037,983)
Net position - ending					\$ (863,328)

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

**Calhan School District
Balance Sheet
Governmental Funds
June 30, 2021**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,606,281	\$ 21,730	\$ 117,163	\$ 1,745,174
Taxes receivable, net	43,275	-	-	43,275
Other receivables	460,788	-	-	460,788
Inventories	-	-	6,839	6,839
Total assets	<u>2,110,344</u>	<u>21,730</u>	<u>124,002</u>	<u>2,256,076</u>

LIABILITIES AND FUND BALANCES

Liabilities:				
Accounts payable	44,060	-	-	44,060
Unearned revenue	-	-	4,731	4,731
Other accrued expenses	191,658	-	1,934	193,592
Total liabilities	<u>235,718</u>	<u>-</u>	<u>6,665</u>	<u>242,383</u>

Fund balances:

Non-spendable inventory	-	-	6,839	6,839
Committed capital projects funds	-	21,730	-	21,730
Restricted-TABOR and Preschool	154,745	-	-	154,745
Unassigned	1,719,881	-	-	1,719,881
Reported in non-major funds:				
Committed	-	-	29,383	29,383
Assigned	-	-	81,115	81,115
Total fund balances	<u>1,874,626</u>	<u>21,730</u>	<u>117,337</u>	<u>2,013,693</u>
Total liabilities and fund balances	<u>\$ 2,110,344</u>	<u>\$ 21,730</u>	<u>\$ 124,002</u>	<u>\$ 2,256,076</u>

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

Calhan School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

Total fund balance, governmental funds	\$	2,013,693
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.</p>		7,277,985
<p>Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position: Pension Plan Deferred Outflow</p>		2,101,524
<p>Some liabilities, (such as Notes Payable, Long-term Compensated Absences, Net Pension Liability, Pension Differences-Deferred Outflow and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.</p>		(12,256,529)
Rounding		(1)
Net Position of Governmental Activities in the Statement of Net Position	\$	<u>(863,328)</u>

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

Calhan School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes	\$ 1,246,419	\$ -	\$ -	\$ 1,246,419
SO Tax	145,171	-	-	145,171
Student Activities	-	-	58,172	58,172
Intergovernmental	4,108,565	-	205,598	4,314,163
Charges for services	96,185	-	378,637	474,822
Investment earnings	3,376	74	154	3,604
Miscellaneous	253,477	11,387	-	264,864
Other revenue 1	-	-	10,873	10,873
Total revenues	5,853,193	11,461	653,434	6,518,088
EXPENDITURES				
Instructional:				
Pupil services	59,448	-	53,127	112,575
Instructional	2,876,308	-	-	2,876,308
General administration	207,484	-	-	207,484
School administration	656,333	-	-	656,333
Accounting	159,616	-	-	159,616
Operations & maintenance	287,973	11,421	-	299,394
District wide costs	421,283	-	-	421,283
Total Instructional	4,668,445	11,421	53,127	4,732,993
Support Services:				
Food services	-	-	210,386	210,386
Pupil Transportation	342,930	-	402,134	745,064
Capital Outlay	266,393	-	-	266,393
Total Expenditures	5,277,768	11,421	665,647	5,954,836
Excess (deficiency) of revenues over expenditures	575,425	40	(12,213)	563,252
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(5,000)	(5,000)
Transfers in	5,000	-	-	5,000
Total other financing sources and uses	5,000	-	(5,000)	-
SPECIAL ITEM				
Proceeds from sale of assets	-	1,000	-	1,000
Net change in fund balances	580,425	1,040	(17,213)	564,252
Fund balances - beginning	1,294,201	20,690	134,550	1,449,441
Fund balances - ending	\$ 1,874,626	\$ 21,730	\$ 117,337	\$ 2,013,693

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

Calhan School District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to
the Statement of Activities
For the Year Ended June 30, 2021

Net change in fund balances - total governmental funds:	\$	564,252
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p>		
<p>This is the amount by which capital outlay of \$266,393 is less than depreciation of \$293,127 in the current period.</p>		(26,734)
<p>Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in Net Position differs from the change in fund balance by the cost of the asset sold.</p>		
		(65,316)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>		
<p>Net difference between PERA pension and OPEB actual expense contributions</p>		702,453
Change in net position of governmental activities	<u>\$</u>	<u>1,174,655</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Calhan School District RJ-1
Calhan, Colorado
Notes to the Financial Statements
June 30, 2021

Note 1 **Summary of Significant Accounting Policies**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The District is a political subdivision of the State of Colorado which is governed by an elected board of 5 members. A summary of the Calhan School District RJ-1's significant accounting policies applied in the preparation of these financial statements follows.

Reporting Entity

The Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", established the criteria for determining the activities, organizations, and functions of government to be included in the financial statements of the reporting entity. In evaluating the school as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. The District is considered to be a primary government because it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments.

This report includes all funds of Calhan School District RJ-1.

Basis of Presentation

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 school district. As a general rule, the effect of interfund activity has been eliminated from these statements.

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

Fund financial statements are also provided in the report for all of the governmental funds and the fiduciary funds of the district. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The District reports the following major governmental funds:

The general fund is the district's primary operating fund. It accounts for all financial resources except those required to be in another fund.

The capital projects fund accumulates funds to pay for capital projects.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the fiduciary 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. Net position (total assets less total liabilities) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible with the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Revenues from federal, state, and other grants designated for payment of specific school district expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Budgets and Budgetary Accounting

All funds must have budgets to be allowed expenditures. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at year end.

Budget Calendar. Submission of a proposed budget to the Board of Education is due by May 31. On June 10 or within ten days after submission of the proposed budget, a notice shall be published stating the proposed budget is on file and available for inspection. The last date for final adoption of the budget and appropriation resolution is June 30. January 31 is last date to change adopted budget. By December 15, the Board of Education certifies to County Commissioners the mill levy against the assessed valuation for the general and bond redemption funds.

The legal level of budgetary control is at the individual fund level.

Encumbrances

Encumbrance accounting where purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.

Assets, Liabilities and Fund Balances/Net Position

Deposits. The District’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to deposit funds in institutions who are members of the Federal Deposit Insurance Corporation to the extent that the deposit is insured or is secured by pledge of eligible collateral as required by CRS 11-10.5-107.

Receivables and Payables. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/due from other funds.

Accounts receivable and property taxes receivables are shown at gross. Uncollectibles have not been material.

Inventories. The purchase method is used to account for inventories in the governmental funds. Under this method, inventories are recorded as expenditures when purchased.

A physical inventory was taken at year-end for the Food Services special revenue fund. The inventory consisted of government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies were both valued at cost using the first-in, first-out (FIFO) method.

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

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

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Site Improvements	7 – 30
Buildings	10 – 50
Equipment	5 – 25
Vehicles	7 – 10

The District does not have any infrastructure assets.

Compensated Absences. All employees are allowed from 9 to 12 days per year. Upon retirement in accordance with PERA, employees may be paid up to 30 days at the current substitute pay. No liability deemed necessary.

Long-term Obligations. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds issuance costs are reported as deferred charges and amortized over the term of the debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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. Actual results could differ from those estimates.

Fund Balances and Net Position. In the government-wide, net position are classified in the following categories:

Invested in Capital Assets – this category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding debt balances that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Reserved Net Position – indicates that portion of net position which has been legally segregated for specific purposes or is not available for appropriation.

Unreserved Net Position – represents the amount which is not reserved for any purpose and is available for appropriation and expenditure in future periods.

When restricted and unrestricted funds are available, restricted are deemed first spent.

In the fund financial statements, fund balances of governmental funds are classified in the following categories:

Nonspendable – amounts that cannot be spent because they are either in nonspendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of a permanent fund which is required to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale.

Restricted – when constraints placed on the use of resources either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's Board of Directors.

These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

Assigned – amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or the Superintendent who has been delegated the authority to assign amounts to be used for specific purposes.

Unassigned – the residual for the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount.

When committed, assigned, or unassigned funds are available, committed is first spent, then assigned.

Note 2 Stewardship, Compliance, and Accountability

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment’s language in order to determine its compliance.

The voters of the District passed a ballot question in November of 1996 which allows them to retain the excess revenue received for the 1996-1997 year and future years.

The District is in compliance with Financial Policies and Procedures Handbook prepared by the Colorado Department of Education.

The Insurance fund and Capital Project funds overspent their budget which may be a violation of Colorado Revised Statutes.

Note 3 Detailed Notes on all Funds and Account Groups

Deposits and Investments - displayed on the balance sheets as “Cash in Bank” and “Certificates of Deposit”.

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

The Colorado Division of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial Credit Risk - the risk that, in the event of bank failure, the District's deposits may not be returned to it. The District does not have a written deposit policy for custodial credit risk.

At June 30, 2021, the District's cash deposits had a bank balance and carrying balance as follows:

	<u>Carrying Balance</u>
Insured	\$ 250,000
Deposits uncollateralized in Institution pools	1,495,174
Total Deposits	<u>\$ 1,745,174</u>

Accrued Property Taxes Receivable - the amount budgeted for the current year, not yet collected.

Property Tax Calendar - taxes are levied by December 15, tax bills are mailed January 1 of the following year, creating an enforceable lien on the property. If paid by installments of one-half each, the first is due February 28, the second June 15. If paid in one payment, the due date is April 30. Taxes are delinquent if not paid by those dates.

Changes in General Fixed Assets - a summary of changes in the District general fixed assets follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Sites	\$ 92,868	\$ -	\$ -	\$ 92,868
Site Improvements	467,769	217,745	(17,899)	667,615
Buildings	9,277,609	-	-	9,277,609
Equipment	770,452	-	(53,059)	717,393
Transportation	1,086,693	48,648	-	1,135,341
Total	<u>11,695,391</u>	<u>266,393</u>	<u>(70,958)</u>	<u>11,890,826</u>
Less Accumulated Depreciation:				
Site Improvements	(284,967)	(16,830)	1,220	(300,577)
Buildings	(2,681,441)	(203,172)	-	(2,884,613)
Equipment	(507,525)	(32,257)	4,422	(535,360)
Transportation	(851,423)	(40,868)	-	(892,291)
Total	<u>(4,325,356)</u>	<u>(293,127)</u>	<u>5,642</u>	<u>(4,612,841)</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 7,370,035</u>	<u>\$ (26,734)</u>	<u>\$ (65,316)</u>	<u>\$ 7,277,985</u>

Depreciation expense for the governmental activities was allocated \$71,548 to Transportation, \$220,002 to Instruction, and \$1,577 to Food Service.

Note 4 Other Information

Risk Management - The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and

natural disasters. The District has joined Colorado School District Self Insurance Pool (CSDSIP), a public entity risk pool currently operating as a common risk management and insurance program for members. The District pays an annual premium to CSDSIP for its liability, property and casualty, vehicle, mechanical and crime insurance coverage. The intergovernmental agreement of formation of CSDSIP provides that the Pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

The District carries commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Accrued Salaries and Benefits Payable - teachers and certain other instructional employees are budgeted and paid over a twelve-month period from September 1 to August 31 but are earned over a school year of approximately a nine-month period. The salaries earned but not paid at June 30 are shown as an accrued liability.

The Student Activity Fund transferred \$5,000 to the Capital Projects Fund for operating purposes.

Defined Benefit Pension Plan:

Summary of Significant Accounting Policies:

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

The Colorado General Assembly passed significant pension reform through Senate Bill (SB)18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June, 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 makes changes to certain benefit provisions. Some, but not all, 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 School Division Trust Fund (SCHDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly.

PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 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 base on life expectancy and other actuarial factors.

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

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

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contributions provisions as of June 30, 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 8.75 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	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total Employer contribution rate to the SCHDTF	<u>19.88%</u>

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

As specified in C.R.S. § 24-52-413, the State is required to contribute \$225 million each year to the 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 Trust Fund, and Denver Public Schools 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 \$1,397,615 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's proportion of the net pension liability was based on the District's 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.

On June 30, 2021 the District reported a liability of \$8,134,661 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total proportion of the net pension liability that was associated with the District were as follows:

The District's proportionate share of the net pension liability	\$ 8,134,661
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	-
Total	<u>\$ 8,134,661</u>

On December 31, 2020, the District's proportion was 0.05381 percent, which is an immaterial increase from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$564,896. On 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	\$ 446,959	\$ -
Changes of assumptions and other inputs	782,529	1,367,367
Net difference between projected and actual earnings on pension plan investments	568,160	2,358,785
Contributions subsequent to the measurement date.	282,448	N/A
Total	<u>\$ 2,080,096</u>	<u>\$ 3,726,152</u>

The following presents the Trust Fund's net amount of the collective deferred outflows of resources and collective deferred inflows of resources that will be recognized in the collective pension expense for each of the subsequent five years and in the aggregate thereafter:

For the Plan Year Ended December 31,	Amounts Reported as Collective Deferred Outflows and Collective Deferred Inflows of Resources Recognized in Collective Pension Expense as Follows:
2021	\$ 1,393,574
2022	(129,159)
2023	(381,667)
2024	(282,480)
2025	-
Thereafter	\$ -

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

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

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

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

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

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

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 29, 2016, Board meeting.

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

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

¹Post-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 Health 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.
- Female: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, 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 analysis 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 assets 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 assets class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

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

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

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	\$11,096,344	\$8,134,661	\$5,666,604

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

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 and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

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 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 related to the total member contribution account balance from which the retirement benefit is paid.

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

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

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

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

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 services-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 \$72,620 for the year ended December 31, 2020.

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

At December 31, 2019, the District reported a liability of \$295,729 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's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

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

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

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

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

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

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

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

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 that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of

the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

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

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

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

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

The 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 26, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Bord meeting.

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

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40% ¹	N/A

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

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

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

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

Pre-retirement mortality assumptions for the State and Local Government Division (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 Employee Table with generational projection using scale MP-2019.

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

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

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

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

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

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

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

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

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

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

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

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

The following health care costs assumptions were updated and used in the roll forward calculation for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been

reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

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

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

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 assets class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹The opportunity Fund’s name changes 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 rate of return assumption of 7.25 percent.

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%
Net OPEB liability	\$ 288,085	\$ 295,729	\$ 304,627

The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows to determine the discount rate applied the actuarial cost method and assumption 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 3.50 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfer of dollars in the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-

percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

Discount Rate	Sensitivity of the Net OPEB Liability		
	6.25%	7.25%	8.25%
Net OPEB liability	\$ 338,763	\$ 295,729	\$ 258,960

At December 31, 2020, the District's proportion was .076991 percent, which was an immaterial decrease from its proportion measured as of December 31, 2019.

For the year ended December 31, 2020, the District recognized OPEB expense of \$72,620. At December 31, 2020, 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	\$ 785	\$ 65,015
Changes of assumptions or other inputs	2,210	18,134
Net difference between projected and actual earnings on OPEB plan investments	3,754	15,838
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	14,678	N/A
Total	\$ 21,427	\$ 98,987

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in collective OPEB expense as follows:

Year Ended December 31,	
2020	\$ (21,532)
2021	(19,842)
2022	(22,062)
2023	(20,517)
2024	(7,786)
Thereafter	(498)

REQUIRED SUPPLEMENTARY INFORMATION

Calhan School District RJ- 1
Schedule of the District's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2021

	For the Years Ended December 31,							
	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion (percentage) of the collective net pension liability	0.053807%	0.047272%	0.045054%	0.051709%	0.053280%	0.055899%	0.568124%	0.056798%
District's proportionate share of the collective pension liability	\$ 8,134,661	\$ 7,062,288	\$ 7,977,765	\$ 16,720,871	\$ 15,863,550	\$ 8,549,392	\$ 7,699,984	\$ 7,054,581
Covered payroll	\$ 2,877,996	\$ 2,776,732	\$ 2,476,870	\$ 2,385,275	\$ 2,391,307	\$ 2,439,092	\$ 2,380,029	\$ 2,289,705
District's proportionate share of the net pension liability as a percentage of its payroll	282.65%	254.34%	322.09%	701.00%	663.38%	305.52%	323.52%	308.10%
Plan fiduciary net pension as a percentage of the total pension liability	66.99%	64.52%	57.01%	43.96%	43.10%	58.20%	62.80%	64.06%

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Calhan School District RJ-1
Schedule of the District's Proportionate Share of the Net OPEB Liability
For the Year Ended June 30, 2021

	For the Years Ended December 31,				
	2020	2019	2018	2017	2016
District's proportion (percentage) of the collective net pension liability	0.031122%	0.030882%	0.0292854554%	0.0293808620%	0.0302850537%
District's proportionate share of the collective OPEB liability	\$ 295,729	\$ 347,113	\$ 398,441	\$ 381,834	\$ 392,656
Covered payroll	\$ 2,877,996	\$ 2,776,732	\$ 2,476,870	\$ 2,385,275	\$ 2,391,307
District's proportionate share of the net pension liability as a percentage of its payroll	10.28%	12.50%	16.09%	16.01%	16.42%
Plan fiduciary net pension as a percentage of the total OPEB liability	32.78%	24.48%	17.03%	17.53%	N/A

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Calhan School District RJ-1
Schedule of Contributions and Related Ratios
For the Year Ended June 30, 2021

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
For the Years Ended December 31,										
Statutorily required contributions	\$ 564,896	\$ 487,383	\$ 458,894	\$ 433,073	\$ 429,212	\$ 414,071	\$ 368,042	\$ 349,377	\$ 357,225	\$ 330,161
Contributions in relation to the statutorily required contribution	<u>(564,896)</u>	<u>(487,383)</u>	<u>(458,894)</u>	<u>(433,073)</u>	<u>(429,212)</u>	<u>(414,071)</u>	<u>(368,042)</u>	<u>(349,377)</u>	<u>(357,225)</u>	<u>(330,161)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,877,996	\$ 2,547,743	\$ 2,430,429	\$ 2,356,279	\$ 2,420,811	\$ 2,452,885	\$ 2,302,870	\$ 2,317,762	\$ 2,519,606	\$ 2,487,116
Contributions as a percentage of covered payroll	19.63%	19.13%	18.88%	18.38%	17.73%	16.88%	15.98%	15.07%	14.18%	13.27%

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Calhan School District RJ-1
Schedule of Contributions and Related Ratios OPEB
For the Year Ended June 30, 2021

	For the Years Ended December 31,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contributions	\$ 29,355	\$ 28,323	\$ 25,987	\$ 24,790	\$ 24,034
Contributions in relation to the statutorily required contribution	<u>(29,355)</u>	<u>(28,323)</u>	<u>(25,987)</u>	<u>(24,790)</u>	<u>(24,034)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,877,996	\$ 2,776,732	\$ 2,547,743	\$ 2,430,429	\$ 2,356,279
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

OTHER INFORMATION

**Calhan School District
Balance Sheet
Other Governmental Funds
June 30, 2021**

	<u>Food Service</u>	<u>Insurance Fund</u>	<u>Activity Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 15,407	\$ 29,383	\$ 72,373	\$ 117,163
Inventories	6,839	-	-	6,839
Total assets	<u>22,246</u>	<u>29,383</u>	<u>72,373</u>	<u>124,002</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Deferred revenue	4,731	-	-	4,731
Other accrued expenses	1,934	-	-	1,934
Total liabilities	<u>6,665</u>	<u>-</u>	<u>-</u>	<u>6,665</u>
Fund balances:				
Non-spendable-inventories	6,839	-	-	6,839
Assigned	8,742	-	72,373	81,115
Committed	-	29,383	-	29,383
Total fund balances	<u>15,581</u>	<u>29,383</u>	<u>72,373</u>	<u>117,337</u>
Total liabilities and fund balances	<u>\$ 22,246</u>	<u>\$ 29,383</u>	<u>\$ 72,373</u>	<u>\$ 124,002</u>

Calhan School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	<u>Food Service</u>	<u>Insurance Fund</u>	<u>Activity Fund</u>	<u>Total-Other Governmental Funds</u>
REVENUES				
Student Activities	\$ -	\$ -	\$ 58,172	\$ 58,172
Intergovernmental	205,598	-	-	205,598
Charges for services	5,124	373,513	-	378,637
Investment earnings	41	113	-	154
Other local revenues	-	10,873	-	10,873
Total revenues	<u>210,763</u>	<u>384,499</u>	<u>58,172</u>	<u>653,434</u>
EXPENDITURES				
Instructional:				
Student activities	-	-	53,127	53,127
Food Services	210,386	-	-	210,386
Insurance costs	-	402,134	-	402,134
Total Expenditures	<u>210,386</u>	<u>402,134</u>	<u>53,127</u>	<u>665,647</u>
Excess (deficiency) of revenues over expenditures	<u>377</u>	<u>(17,635)</u>	<u>5,045</u>	<u>(12,213)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(5,000)	(5,000)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(5,000)</u>	<u>(5,000)</u>
Net change in fund balances	377	(17,635)	45	(17,213)
Fund balances - beginning	15,204	47,018	72,328	134,550
Fund balances - ending	<u>\$ 15,581</u>	<u>\$ 29,383</u>	<u>\$ 72,373</u>	<u>\$ 117,337</u>

INDIVIDUAL FUND FINANCIAL STATEMENTS

**Calhan School District
Budget and Actual
General
For the year ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Property Taxes	\$ 1,194,745	\$ 1,194,745	\$ 1,246,419
SO Taxes	143,937	143,937	145,171
Intergovernmental	4,001,133	4,001,133	4,108,565
Charges for services	54,500	54,500	96,185
Investment earnings	15,300	15,300	3,376
Miscellaneous	228,149	228,149	253,477
Total revenues	<u>5,637,764</u>	<u>5,637,764</u>	<u>5,853,193</u>
EXPENDITURES			
Instructional:			
Pupil services	60,341	60,341	59,448
Instructional	2,414,678	2,961,187	2,876,308
General administration	217,701	217,701	207,484
School administration	647,500	647,500	656,333
Accounting	161,440	161,440	159,616
Operations & maintenance	506,259	506,259	287,973
District wide costs	443,199	443,199	421,283
Pupil Transportation	346,908	346,908	342,930
Capital Outlay	68,648	68,648	266,393
Contingency	145,031	151,745	-
Total Expenditures	<u>5,011,705</u>	<u>5,564,928</u>	<u>5,277,768</u>
Excess (deficiency) of revenues over expenditures	<u>626,059</u>	<u>72,836</u>	<u>575,425</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	-	5,000
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>5,000</u>
Net change in fund balances	626,059	72,836	580,425
Fund balances - beginning	1,480,477	1,212,130	1,294,201
Fund balances - ending	<u>\$ 2,106,536</u>	<u>\$ 1,284,966</u>	<u>\$ 1,874,626</u>

**Calhan School District
Budget and Actual
Food Service
For the year ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Intergovernmental	\$ 258,793	\$ 197,793	\$ 205,598
Charges for services	9,580	9,580	5,124
Investment earnings	-	-	41
Total revenues	<u>268,373</u>	<u>207,373</u>	<u>210,763</u>
EXPENDITURES			
Support Services:			
Food service	<u>268,373</u>	<u>217,373</u>	<u>210,386</u>
Total Expenditures	<u>268,373</u>	<u>217,373</u>	<u>210,386</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(10,000)</u>	<u>377</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>-</u>	<u>10,000</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>10,000</u>	<u>-</u>
Net change in fund balances	-	-	377
Fund balances - beginning	<u>15,204</u>	<u>15,204</u>	<u>15,204</u>
Fund balances - ending	<u>\$ 15,204</u>	<u>\$ 15,204</u>	<u>\$ 15,581</u>

**Calhan School District
Budget and Actual
Activity Fund
For the year ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Student activities	\$ 15,000	\$ 15,000	\$ 58,172
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>58,172</u>
EXPENDITURES			
Contingency	86,874	83,874	-
Student activities	15,000	18,000	53,127
Total Expenditures	<u>101,874</u>	<u>101,874</u>	<u>53,127</u>
Excess (deficiency) of revenues over expenditures	<u>(86,874)</u>	<u>(86,874)</u>	<u>5,045</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	(5,000)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(5,000)</u>
Net change in fund balances	(86,874)	(86,874)	45
Fund balances - beginning	89,482	86,874	72,328
Fund balances - ending	<u>\$ 2,608</u>	<u>\$ -</u>	<u>\$ 72,373</u>

**Calhan School District
Budget and Actual
Capital Projects
For the year ended June 30, 2021**

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Investment earnings	\$ 500	\$ 70	\$ 74
Miscellaneous	165,000	1,850	11,387
Total revenues	<u>165,500</u>	<u>1,920</u>	<u>11,461</u>
EXPENDITURES			
Operations & maintenance	-	-	11,421
Contingency	60,066	30,970	-
Capital Outlay	191,000	3,000	-
Total Expenditures	<u>251,066</u>	<u>33,970</u>	<u>11,421</u>
Excess (deficiency) of revenues over expenditures	<u>(85,566)</u>	<u>(32,050)</u>	<u>40</u>
SPECIAL ITEM			
Proceeds from sale of capital assets	-	50	1,000
Net change in fund balances	<u>(85,566)</u>	<u>(32,000)</u>	<u>1,040</u>
Fund balances - beginning	2,332	32,000	20,690
Fund balances - ending	<u>\$ (83,234)</u>	<u>\$ -</u>	<u>\$ 21,730</u>

**Calhan School District
Budget and Actual
Insurance Fund
For the year ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Charges for services	\$ -	\$ 330,900	\$ 373,513
Investment earnings	-	300	113
Other local revenues	-	10,800	10,873
Total revenues	<u>-</u>	<u>342,000</u>	<u>384,499</u>
EXPENDITURES			
Noninstructional Services:			
Insurance costs	-	323,267	402,134
Contingency	-	43,733	-
Total Expenditures	<u>-</u>	<u>367,000</u>	<u>402,134</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(25,000)</u>	<u>(17,635)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(25,000)	(17,635)
Fund balances - beginning	<u>-</u>	<u>25,000</u>	<u>47,018</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,383</u>



Colorado Department of Education
Auditors Integrity Report
 District: 0970 - Calhan RJ-1
 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	1,299,119		5,858,193		5,282,686		1,874,626	
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0	
19 Colorado Preschool Program Fund	0		0		0		0	
Sub-Total	1,299,119		5,858,193		5,282,686		1,874,626	
11 Charter School Fund	0		0		0		0	
20.26-29 Special Revenue Fund	0		0		0		0	
06 Supplemental Cap Const, Tech, Main, Fund	0		0		0		0	
07 Total Program Reserve Fund	0		0		0		0	
21 Food Service Spec Revenue Fund	15,204		210,762		210,386		15,581	
22 Govt Designated-Purpose Grants Fund	0		0		0		0	
23 Pupil Activity Special Revenue Fund	72,328		-5,000		-5,045		72,372	
24 Full Day Kindergarten Mill Levy Override	0		0		0		0	
25 Transportation Fund	0		0		0		0	
31 Bond Redemption Fund	0		0		0		0	
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0	
41 Building Fund	0		0		0		0	
42 Special Building Fund	0		0		0		0	
43 Capital Reserve Capital Projects Fund	20,690		12,462		11,421		21,731	
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0	
Totals	1,407,341		6,076,417		5,499,448		1,964,309	
Proprietary								
50 Other Enterprise Funds	0		0		0		0	
64 (63) Risk-Related Activity Fund	47,018		10,987		28,622		29,383	
60.65-69 Other Internal Service Funds	0		0		0		0	
Totals	47,018		10,987		28,622		29,383	
Fiduciary								
70 Other Trust and Agency Funds	0		0		0		0	
72 Private Purpose Trust Fund	0		0		0		0	
73 Agency Fund	0		0		0		0	
74 Pupil Activity Agency Fund	0		0		0		0	
79 GASB 34 Permanent Fund	0		0		0		0	
85 Foundations	0		0		0		0	
Totals	0		0		0		0	
FINAL								

SINGLE AUDIT

**Calhan School District RJ-1
Schedule of Findings and Questioned Costs
June 30, 2021**

Section I: Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
Unmodified.

Internal control over financial reporting:		
• Material weakness(es) identified?	___ Yes	<u>X</u> No
• Significant deficiency(ies) identified?	___ Yes	<u>X</u> None Reported
Noncompliance material to financial statements noted?	___ Yes	<u>X</u> No

Federal Awards

Internal control over major federal programs:		
• Material weakness(es) identified?	___ Yes	<u>X</u> None Reported
• Significant deficiency(ies) identified?	___ Yes	<u>X</u> None Reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes	<u>X</u> No
Identification of major federal programs:		
CFDA Number(s)	21.019	Name of Federal Program or Cluster
		Corona Virus Relief Funding
Dollar threshold used to distinguish between type A and type B programs:	\$ <u>750,000</u>	
Auditee qualified as a low-risk auditee?	___ Yes	<u>X</u> No

Section II: Financial Statement Findings

There were not any material weaknesses, fraud or illegal acts, violations of provisions of contracts or grant agreements, or abuse that could have a material effect on the financial statements.

Section III: Federal Awards Findings

There are not any findings that are required to be reported.

**Calhan School District RJ-1
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2021**

GRANT TITLE	<u>GRANT CODE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>AMOUNT OF AWARD EXPENDED</u>	
DEPARTMENT OF AGRICULTURE:				
National School Lunch Program Cluster				
Summer Food Service Program	4559	10.559	164,622	
National School Lunch Program	4555	10.555	<u>30,561</u>	
Total				195,183
 DEPARTMENT OF EDUCATION/ COLORADO DEPARTMENT OF EDUCATION:				
Title I	4410	84.410	90,936	
Title II	4367	84.367	12,086	
Title IV	4424	84.424	10,000	
ESSER I	4425	84.425	1,763	
ESSER I I	4420	84.420	122,050	
ESSER I II	4414	84.414	<u>50,862</u>	
Total				287,697
 DEPARTMENT OF TREASURY/ COLORADO DEPARTMENT OF EDUCATION:				
Corona Virus Relief Funding	4012	21.019	<u>363,637</u>	
Total				363,637
 STATE COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION SYSTEM				
Carl Perkins Grant	4048	84.048	<u>12,337</u>	
Total				<u>12,337</u>
 TOTAL FEDERAL FINANCIAL AWARDS				 <u><u>\$ 858,854</u></u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District is presented on the modified accrual basis of accounting.

The District also received non-cash commodities of \$9,233, which is valued at amounts determined by the Colorado Department of Education and USDA.

The District does not use the 10% de minimis indirect cost rate.

The District did not have any sub-recipients for 2020-21.

rfarmer, llc
a certified public accounting and consulting firm

**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***

Independent Auditor's Report

Board of Education
Calhan School District RJ-1

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Calhan School District RJ-1 (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 1, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests

disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

rfarmer, llc

February 1, 2022

rfarmer, llc
a certified public accounting and consulting firm

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Independent Auditor's Report

Board of Education
Calhan School District RJ-1

Report on Compliance for Each Major Federal Program

We have audited Calhan School District RJ-1's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

rfarmer, llc

February 1, 2022