

**CONEJOS SCHOOL DISTRICT NO. 6J  
SANFORD, COLORADO**

**FINANCIAL STATEMENTS**

**June 30, 2021**



**Wall,  
Smith,  
Bateman** Inc.  
Certified Public Accountants

# CONEJOS SCHOOL DISTRICT NO. 6J

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# INDEPENDENT AUDITORS' REPORT



Wall,  
Smith,  
Bateman Inc.

To the Board of Education  
Conejos School District No. 6J  
Sanford, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Conejos School District No. 6J (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.

## Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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

**Certified Public Accountants**

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the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial schedules and the Colorado School District Auditor's Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial schedules, Colorado School District Auditor's Integrity Report, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial schedules, Colorado School District Auditor's Integrity Report, 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 16, 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.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.  
Alamosa, Colorado

February 16, 2022

**SANFORD SCHOOL DISTRICT 6-J**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2021**

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the District in FY 2021 are as follows:

- Net position for governmental activities increased by \$1,494,558
- Revenue for all governmental activities was \$4,939,477
- The District incurred \$3,444,919 in expenses related to governmental activities.

Key financial highlights for the District in FY 2020 were as follows:

- Net position for governmental activities increased by \$504,614
- Revenue for all governmental activities was \$4,724,379
- The District incurred \$4,219,765 in expenses related to governmental activities.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as instruction were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the District's budget for the year.

***District-wide Statements***

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

The two district-wide statements report the District's net position and how it has changed. Net position (the difference between the District's assets and liabilities) is one way to measure the District's financial position.

**SANFORD SCHOOL DISTRICT 6-J**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2021

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school facilities.

***Fund Financial Statements***

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by state law. However, the District establishes many other funds to help it manage and control its finances to achieve certain results.

***FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE***

Total assets for the District were \$23,487,760 in 2020 and \$23,015,546 in 2021. Cash and investments were \$4,775,437 in 2020 and \$4,880,244 in 2021. Property tax receivable was \$11,480 in 2020 and \$8,917 in 2021. Receivables from other governmental entities were \$10,779 in 2020 and \$227,794 in 2021. Capital assets were in the amount of \$18,571,570 in 2020 and \$17,880,981 in 2021. Current liabilities were \$898,160 in 2020 and \$537,478 in 2021.

The effect of the PERA pension and OPEB expense on the District's total net position for Fiscal Year 2021 and 2020 is summarized below:

|   | <u>FY 2021</u>          | <u>FY 2020</u>          |
|---|-------------------------|-------------------------|
| Net position (GAAP Basis)               | \$ 14,512,578.00        | \$ 13,018,020.00        |
| GASB 68 - Pension                       | \$ 6,768,299.00         | \$ 8,298,093.00         |
| GASB75 - OPEB                           | \$ 278,744.00           | \$ 297,654.00           |
| Net position excluding Pension and OPEB | <u>\$ 21,559,621.00</u> | <u>\$ 21,613,767.00</u> |

The effect of the PERA pension and OPEB expense on the District's unrestricted net position is summarized below:

|  | <u>FY 21</u>            | <u>FY 20</u>           |
|--|-------------------------|------------------------|
| Unrestricted - Net position (GAAP Basis) | \$ (3,164,146.00)       | \$ (5,257,957.00)      |
| GASB 68 - Pension                        | \$ 6,768,299.00         | \$ 8,298,093.00        |
| GASB 75 - OPEB                           | \$ 278,744.00           | \$ 297,654.00          |
| Net position excluding Pension and OPEB  | <u>\$ 10,211,189.00</u> | <u>\$ 3,337,790.00</u> |

House Bill (HB) 20-1379 suspended the \$225 million direct distribution payable on July 1, 2020 for the 2020-2021 fiscal year. See Note 10 to the financial statements for additional information.

**SANFORD SCHOOL DISTRICT 6-J**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2021

Table 1 provides a summary of the District's net position for fiscal year 2020 & 2021:

**Table 1**

**Condensed Statement of Net Position**

|                                     | Governmental<br>Activities | Governmental<br>Activities | Total Percent<br>Change |
|-------------------------------------|----------------------------|----------------------------|-------------------------|
|                                     | 2020                       | 2021                       | 2020-2021               |
| <b>Assets</b>                       |                            |                            |                         |
| Current Assets                      | \$ 4,916,190               | \$ 5,134,565               | 4.44%                   |
| Capital Assets                      | \$ 18,571,571              | \$ 17,880,981              | -3.72%                  |
| <b>Total Assets</b>                 | <b>\$ 23,487,760</b>       | <b>\$ 23,015,546</b>       | <b>-2.01%</b>           |
| Deferred Outflows of Resources      | \$ 670,259                 | \$ 1,801,438               | 168.77%                 |
| <b>Liabilities</b>                  |                            |                            |                         |
| Current liabilities                 | \$ 898,160                 | \$ 537,478                 | -31.02%                 |
| Long-term liabilities               | \$ 6,579,351               | \$ 7,144,492               | 8.59%                   |
| <b>Total Liabilities</b>            | <b>\$ 7,477,511</b>        | <b>\$ 7,681,970</b>        | <b>3.83%</b>            |
| <b>Deferred Inflow of Resources</b> |                            |                            |                         |
| Pension                             | \$ 3,598,400               | \$ 2,535,934               | -29.53%                 |
| OPEB                                | \$ 52,608                  | \$ 77,585                  | 47.48%                  |
| Property Taxes                      | \$ 11,480                  | \$ 8,917                   | -22.33%                 |
| <b>Net Position</b>                 |                            |                            |                         |
| Net Investment in Capital Assets    | \$ 17,742,380              | \$ 17,106,601              | -3.58%                  |
| Restricted for:                     |                            |                            |                         |
| Tabor                               | \$ 125,000                 | \$ 125,000                 | 0.00%                   |
| Debt Service                        | \$ 188,197                 | \$ 189,723                 | 0.81%                   |
| BEST Capital Renewal Reserve        | \$ 220,400                 | \$ 255,400                 | 15.88%                  |
| Unrestricted                        | \$ (5,257,957)             | \$ (3,164,146)             | -38.26%                 |
| <b>Total Net Position</b>           | <b>\$ 13,018,020</b>       | <b>\$ 14,512,578</b>       | <b>10.85%</b>           |

**SANFORD SCHOOL DISTRICT 6-J**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2021

Table 2 shows the changes in net position for fiscal year 2020 & 2021:

**Table 2**

**Changes in Net Position**

|                                     | Governmental<br>Activities | Governmental<br>Activities | Total<br>Percentage<br>Change |
|-------------------------------------|----------------------------|----------------------------|-------------------------------|
|                                     | 2020                       | 2021                       | 2020-2021                     |
| <b>Revenues</b>                     |                            |                            |                               |
| Program Revenues                    |                            |                            |                               |
| Charges for Services                | \$ 37,998                  | \$ 19,123                  | -49.67%                       |
| Operating Grants & Contributions    | \$ 796,876                 | \$ 1,201,499               | 50.78%                        |
| Property Taxes                      | \$ 311,911                 | \$ 337,580                 | 8.23%                         |
| State Equalization                  | \$ 3,410,516               | \$ 3,193,253               | -6.37%                        |
| Other                               | \$ 167,078                 | \$ 188,022                 | -36.59%                       |
| <b>Total Revenues</b>               | <b>\$ 4,724,379</b>        | <b>\$ 4,939,477</b>        | <b>2.82%</b>                  |
| <b>Expenses</b>                     |                            |                            |                               |
| Instruction                         | \$ 2,577,798               | \$ 2,268,453               | -12.00%                       |
| Pupil & Instructional Services      | \$ 92,138                  | \$ 100,909                 | 9.52%                         |
| Admin & Business                    | \$ 363,841                 | \$ 290,850                 | -20.06%                       |
| Maintenance & Operations            | \$ 334,813                 | \$ 324,015                 | -3.23%                        |
| Transportation                      | \$ 156,113                 | \$ 126,598                 | -18.91%                       |
| Other                               | \$ 695,062                 | \$ 334,094                 | -51.93%                       |
| <b>Total Expenses</b>               | <b>\$ 4,219,765</b>        | <b>\$ 3,444,919</b>        | <b>-18.36%</b>                |
| Increase(Decrease) in Net Position  | \$ 504,614                 | \$ 1,494,558               | 179.91%                       |
| Net Position- Beginning of the year | \$ 12,513,406              | \$ 13,018,020              | 4.03%                         |
| Net Position- End of year           | \$ 13,018,020              | \$ 14,512,578              | 10.85%                        |

**SANFORD SCHOOL DISTRICT 6-J**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2021

State equalization accounted for a major portion of the District's total revenue, contributing 64.6 percent of total revenue. Another 24.3 percent came from state and federal grants, 8.2 percent came from property taxes, and the remainder from charges for services and miscellaneous sources.

The District's expenses are predominately related to instruction, (65.8 percent). The District's administrative and business activities accounted for 8.4 percent of total costs.

**Governmental Activities**

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA the District received \$10,242.64 for 2020 and \$9,910.65 in 2021 per funded student. In fiscal year 2020 the funded pupil count was 361.1 and in fiscal year 2021 the pupil count was 352.8 . Funding for the SFA comes from property taxes, specific ownership taxes, and state equalization. The District receives approximately 94 percent of this funding from state equalization while the remaining amounts come from property and specific ownership taxes.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those service costs. Table 3 shows, for governmental activities, the total cost of services and net cost of services. That is, it identifies the cost of these services supported by unrestricted state equalization and property taxes.

**Table 3**

**Government Activities**

|                                | Total Cost<br>of Services | Total Cost<br>of Services | Percentage<br>Change | Net Cost<br>of Services | Net Cost<br>of Services | Percentage<br>Change |
|--------------------------------|---------------------------|---------------------------|----------------------|-------------------------|-------------------------|----------------------|
|                                | 2020                      | 2021                      | 2020-2021            | 2020                    | 2021                    | 2020-2021            |
| Instruction                    | \$ 2,577,798              | \$ 2,268,453              | -12%                 | \$ 2,114,941            | \$ 1,546,670            | -26.87%              |
| Pupil & instructional services | \$ 92,138                 | \$ 100,909                | 10%                  | \$ (81,690)             | \$ (186,195)            | 127.93%              |
| Administration and business    | \$ 363,841                | \$ 290,850                | -20%                 | \$ 315,940              | \$ 290,850              | -7.94%               |
| Maintenance and operations     | \$ 334,813                | \$ 324,015                | -3%                  | \$ 332,306              | \$ 324,015              | -2.49%               |
| Transportation                 | \$ 156,113                | \$ 126,598                | -19%                 | \$ 124,626              | \$ 98,302               | -21.12%              |
| Food Services                  | \$ 201,014                | \$ 191,771                | -5%                  | \$ 45,064               | \$ 8,332                | -81.51%              |
| Other                          | \$ 494,048                | \$ 142,323                | -71%                 | \$ 533,704              | \$ 142,323              | -73.33%              |
| <b>Total</b>                   | <b>\$ 4,219,765</b>       | <b>\$ 3,444,919</b>       | <b>-18%</b>          | <b>\$ 3,384,891</b>     | <b>\$ 2,224,297</b>     | <b>-34.29%</b>       |

**SANFORD SCHOOL DISTRICT 6-J**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2021

- The cost of all governmental activities during the year 2020 was \$4,219,765. During the year 2021 it was \$3,444,919.
- Federal and state government subsidized certain programs with grants and contributions in the amount of \$796,876 in 2020 and \$1,201,499 in 2021.
- Most of the District's costs were financed by State and District taxpayers. This portion of governmental activities was financed with \$3,410,516 for 2020 and \$3,193,253 in 2021 in state equalization from the School Finance Act of 1994 (SFA) and \$389,442 in property and specific ownership taxes for 2020 and \$405,792 in 2021.

**General Fund Budgetary Highlights**

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

**CAPITAL ASSET ADMINISTRATION**

By the end of 2021, the District has invested \$17,880,981 in land, buildings, and equipment (including vehicles). By the end of 2020, the District has invested \$18,571,570 in land, buildings, and equipment (including vehicles).

Table 4 shows capital assets for FY 2020-2021:

**Table 4**  
**Capital Assets at June 30**

|                                       | Governmental<br>Activities | Governmental<br>Activities | Total<br>Percentage<br>Change |
|---------------------------------------|----------------------------|----------------------------|-------------------------------|
|                                       | 2020                       | 2021                       | 2020-2021                     |
| Land                                  | \$ 43,969                  | \$ 43,969                  | 0.00%                         |
| Land Improvements                     | \$ 75,103                  | \$ 75,103                  | 0.00%                         |
| Buildings                             | \$ 20,334,922              | \$ 20,334,922              | 0.00%                         |
| Equipment                             | \$ 2,120,363               | \$ 2,106,123               | -0.67%                        |
| Buses & Vehicles                      | \$ 757,030                 | \$ 757,030                 | 0.00%                         |
| <b>Total</b>                          | <b>\$ 23,331,387</b>       | <b>\$ 23,317,147</b>       | <b>-0.06%</b>                 |
| Accumulated Depreciation              |                            |                            |                               |
| Buildings                             | \$ 3,215,820               | \$ 3,722,024               | 15.74%                        |
| Land Improvements                     | \$ 17,007                  | \$ 21,095                  | 24.04%                        |
| Equipment                             | \$ 988,244                 | \$ 1,121,303               | -87.73%                       |
| Vehicles                              | \$ 538,746                 | \$ 571,744                 | 6.12%                         |
| <b>Total</b>                          | <b>\$ 4,759,817</b>        | <b>\$ 5,436,166</b>        | <b>-6.80%</b>                 |
| <b>Gov Activities Cap Assets, Net</b> | <b>\$ 18,571,570</b>       | <b>\$ 17,880,981</b>       | <b>1.67%</b>                  |

**SANFORD SCHOOL DISTRICT 6-J**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2021**

***FACTORS BEARING ON THE DISTRICT'S FUTURE***

At the time these financial statements were prepared and audited, the District was not aware of any existing circumstances that could significantly affect its financial health in the future.

Additional funding to the district came through the Coronavirus Aid, Relief, and Economic Security (CARES) Act which was enacted on March 27, 2020 - a \$2 trillion package of assistance measures that include direct payment to families, loans for small businesses, and support for businesses and funding for education. Four education funding streams from the CARES Act were the Coronavirus Relief Fund, the Elementary and Secondary School Emergency Relief (ESSER) Fund, Governor's Emergency Education Relief (GEER) Fund, and nutrition. These funding sources are to address the impact COVID-19 has had and continues to have on elementary and secondary schools. No adjustments have been made to these financial statements as the potential impact is unknown at this time

***CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT***

This financial report is designed to provide the District's citizens, taxpayers, parents, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kevin C. Edgar, Superintendent of Sanford School District 6-J, at 755 Second Street, Sanford, CO 81151.

**CONEJOS SCHOOL DISTRICT NO. 6J**

**BASIC FINANCIAL STATEMENTS**

**CONEJOS SCHOOL DISTRICT NO. 6J**

**STATEMENT OF NET POSITION**

**June 30, 2021**

|   | <u>Primary Government</u><br><u>Governmental</u><br><u>Activities</u> |
|---|---|
| <b>ASSETS</b>                               |   |
| <b>Current Assets</b>                       |   |
| Cash and Investments                        | \$ 4,880,244  |
| Accounts Receivable                         | 15,767  |
| Property Tax Receivable                     | 8,917   |
| Due from Other Governments                  | 227,794   |
| Inventories                                 | 1,843   |
| <b>Capital Assets</b>                       |   |
| Land  | 43,969  |
| Land Improvements                           | 75,103  |
| Buildings                                   | 20,334,922  |
| Equipment                                   | 2,106,123   |
| Vehicles                                    | 757,030   |
| Less: Accumulated Depreciation              | <u>(5,436,166)</u>  |
| <b>TOTAL ASSETS</b>                         | <u>23,015,546</u>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |   |
| Pension                                     | 1,783,883   |
| OPEB  | 17,555  |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b> | <u>1,801,438</u>  |
| <b>LIABILITIES</b>                          |   |
| <b>Current Liabilities</b>                  |   |
| Accounts Payable                            | 10,729  |
| Accrued Salaries and Benefits               | 341,940   |
| Unearned Grant Revenue                      | 101,237   |
| Accrued Interest Payable                    | 18,604  |
| General Obligation Bonds                    | 57,068  |
| Retirement Benefit                          | 7,900   |
| <b>Long-term Liabilities</b>                |   |
| General Obligation Bonds                    | 717,312   |
| Retirement Benefit                          | 130,500   |
| Compensated Absences                        | 61,718  |
| Net Pension Liability                       | 6,016,248   |
| Net OPEB Liability                          | <u>218,714</u>  |
| <b>TOTAL LIABILITIES</b>                    | <u>7,681,970</u>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |   |
| Pension                                     | 2,535,934   |
| OPEB  | 77,585  |
| Unavailable Revenue - Property Tax          | 8,917   |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>  | <u>2,622,436</u>  |
| <b>NET POSITION</b>                         |   |
| Net Investment in Capital Assets            | 17,106,601  |
| Restricted for                              |   |
| TABOR                                       | 125,000   |
| Debt Service                                | 189,723   |
| BEST Capital Reserve                        | 255,400   |
| Unrestricted                                | <u>(3,164,146)</u>  |
| <b>TOTAL NET POSITION</b>                   | <u>\$ 14,512,578</u>  |

The accompanying notes are an integral part of this financial statement.

**CONEJOS SCHOOL DISTRICT NO. 6J**

**STATEMENT OF ACTIVITIES**

**Fiscal Year Ended June 30, 2021**

| Functions/Programs                               | Expenses            | Program Revenues           |  |                                      | Net (Expense)                             |
|--|---------------------|----------------------------|--|--------------------------------------|---|
|  |                     | Charges<br>for<br>Services | Operating<br>Grants &<br>Contributions | Capital<br>Grants &<br>Contributions | Revenue and<br>Changes in Net<br>Position |
|  |                     |                            |  |                                      | Primary<br>Government                     |
| <b>Primary Government:</b>                       |                     |                            |  |                                      |   |
| <b>Governmental Activities:</b>                  |                     |                            |  |                                      |   |
| Instructional Program                            | \$ 2,268,453        | \$ -                       | \$ 721,783                             | \$ -                                 | \$ (1,546,670)                            |
| Student Supporting Services                      | 50,765              | -                          | 272,443                                | -                                    | 221,678                                   |
| Instructional Staff Supporting Services          | 50,144              | -                          | 14,661                                 | -                                    | (35,483)                                  |
| General Administration Supporting Services       | 152,985             | -                          | -                                      | -                                    | (152,985)                                 |
| School Administration Supporting Services        | 103,573             | -                          | -                                      | -                                    | (103,573)                                 |
| Business Supporting Services                     | 34,292              | -                          | -                                      | -                                    | (34,292)                                  |
| Operations & Maintenance of Plant Services       | 324,015             | -                          | -                                      | -                                    | (324,015)                                 |
| Student Transportation Services                  | 126,598             | -                          | 28,296                                 | -                                    | (98,302)                                  |
| Central Supporting Services                      | 90,648              | -                          | -                                      | -                                    | (90,648)                                  |
| Food Services                                    | 191,771             | 19,123                     | 164,316                                | -                                    | (8,332)                                   |
| Facilities Acquisition and Construction Services | 17,725              | -                          | -                                      | -                                    | (17,725)                                  |
| Interest on Long-term Debt                       | 33,950              | -                          | -                                      | -                                    | (33,950)                                  |
| <b>Total Governmental Activities</b>             | <u>3,444,919</u>    | <u>19,123</u>              | <u>1,201,499</u>                       | <u>-</u>                             | <u>(2,224,297)</u>                        |
| <b>Total Primary Government</b>                  | <u>\$ 3,444,919</u> | <u>\$ 19,123</u>           | <u>\$ 1,201,499</u>                    | <u>\$ -</u>                          | <u>(2,224,297)</u>                        |
| <b>General Revenues:</b>                         |                     |                            |  |                                      |   |
| Taxes:   |                     |                            |  |                                      |   |
|  |                     |                            |  |                                      | 337,580                                   |
|  |                     |                            |  |                                      | 66,038                                    |
|  |                     |                            |  |                                      | 2,174                                     |
|  |                     |                            |  |                                      | 3,193,253                                 |
|  |                     |                            |  |                                      | 14,060                                    |
|  |                     |                            |  |                                      | 105,750                                   |
| <b>Total General Revenues:</b>                   |                     |                            |  |                                      |   |
|  |                     |                            |  |                                      | <u>3,718,855</u>                          |
| <b>Change in Net Position</b>                    |                     |                            |  |                                      |   |
|  |                     |                            |  |                                      | 1,494,558                                 |
| <b>Net Position - Beginning of Year</b>          |                     |                            |  |                                      |   |
|  |                     |                            |  |                                      | <u>13,018,020</u>                         |
| <b>Net Position - End of Year</b>                |                     |                            |  |                                      |   |
|  |                     |                            |  |                                      | <u>\$ 14,512,578</u>                      |

The accompanying notes are an integral part of this financial statement.

# CONEJOS SCHOOL DISTRICT NO. 6J

## GOVERNMENTAL FUNDS

### BALANCE SHEET

June 30, 2021

|   | GENERAL<br>FUND     | GOVERNMENTAL<br>DESIGNATED<br>PURPOSE<br>GRANTS<br>FUND | TOTAL<br>NONMAJOR<br>GOVERNMENTAL<br>FUNDS | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|---|---------------------|---|--|--------------------------------|
| <b>ASSETS</b>   |                     |   |  |                                |
| Cash and Investments  | \$ 4,098,904        | \$ -  | \$ 781,340                                 | \$ 4,880,244                   |
| Accounts Receivable   | 11,601              | -   | 4,166                                      | 15,767                         |
| Property Tax Receivable   | 5,993               | -   | 2,924                                      | 8,917                          |
| Due from Other Governments  | 11,598              | 184,675   | 31,521                                     | 227,794                        |
| Due from Other Funds  | 108,443             | -   | -  | 108,443                        |
| Inventories   | -                   | -   | 1,843                                      | 1,843                          |
| <b>TOTAL ASSETS</b>   | <b>\$ 4,236,539</b> | <b>\$ 184,675</b>                                       | <b>\$ 821,794</b>                          | <b>\$ 5,243,008</b>            |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>       |                     |   |  |                                |
| <b>LIABILITIES</b>  |                     |   |  |                                |
| Accounts Payable  | \$ 3,535            | \$ 3,907  | \$ 3,287                                   | \$ 10,729                      |
| Due to Other Funds  | -                   | 108,443   | -  | 108,443                        |
| Accrued Salaries and Benefits   | 286,110             | 39,658  | 16,172                                     | 341,940                        |
| Unearned Grant Revenue  | 67,120              | 32,667  | 1,450                                      | 101,237                        |
| <b>TOTAL LIABILITIES</b>  | <b>356,765</b>      | <b>184,675</b>  | <b>20,909</b>                              | <b>562,349</b>                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                     |   |  |                                |
| Unavailable Revenue - Property Tax  | 5,993               | -   | 2,924                                      | 8,917                          |
| <b>FUND BALANCE</b>   |                     |   |  |                                |
| Nonspendable:   |                     |   |  |                                |
| Inventory   | -                   | -   | 1,843                                      | 1,843                          |
| Restricted:   |                     |   |  |                                |
| TABOR   | 125,000             | -   | -  | 125,000                        |
| Preschool   | 2,313               | -   | -  | 2,313                          |
| Debt Service  | -                   | -   | 189,723                                    | 189,723                        |
| BEST Capital Reserve  | -                   | -   | 255,400                                    | 255,400                        |
| Committed:  |                     |   |  |                                |
| Early Retirement of Bonds   | 900,000             | -   | -  | 900,000                        |
| Emergency Reserves  | 1,000,000           | -   | -  | 1,000,000                      |
| Food Services   | -                   | -   | 41,604                                     | 41,604                         |
| Student Activities  | -                   | -   | 143,433                                    | 143,433                        |
| Capital Projects  | -                   | -   | 165,958                                    | 165,958                        |
| Assigned:   |                     |   |  |                                |
| Other Appropriated Reserves   | 341,252             | -   | -  | 341,252                        |
| Unassigned:   | 1,505,216           | -   | -  | 1,505,216                      |
| <b>TOTAL FUND BALANCE</b>   | <b>3,873,781</b>    | <b>-</b>  | <b>797,961</b>                             | <b>4,671,742</b>               |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> | <b>\$ 4,236,539</b> | <b>\$ 184,675</b>                                       | <b>\$ 821,794</b>                          | <b>\$ 5,243,008</b>            |

The accompanying notes are an integral part of this financial statement.

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2021**

|  |                 |                                 |
|--|-----------------|---------------------------------|
| <b>Total governmental fund balances</b>  | \$              | 4,671,742                       |
| Amounts reported for governmental activities in the statement of net position are different because:   |                 |                                 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.  |                 | 17,880,981                      |
| Deferred results and contributions to pension and OPEB plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position. |                 | 1,801,438                       |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.   |                 |                                 |
| General Obligation Refunding Bonds   | \$ (774,380)    |                                 |
| Accrued Interest Payable   | (18,604)        |                                 |
| Retirement Benefit   | (138,400)       |                                 |
| Compensated Absences   | <u>(61,718)</u> |                                 |
|  |                 | (993,102)                       |
| Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.  |                 | (6,234,962)                     |
| Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds.   |                 | <u>(2,613,519)</u>              |
| <b>Net position of governmental activities</b>   | <b>\$</b>       | <b><u><u>14,512,578</u></u></b> |

The accompanying notes are an integral part of this financial statement.

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the Year Ended June 30, 2021**

|  | <b>GENERAL<br/>FUND</b> | <b>GOVERNMENTAL<br/>DESIGNATED<br/>PURPOSE<br/>GRANTS<br/>FUND</b> | <b>TOTAL<br/>NONMAJOR<br/>GOVERNMENTAL<br/>FUNDS</b> | <b>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</b> |
|--|-------------------------|--|--|---|
| <b>REVENUES</b>                                      |                         |  |  |   |
| Local Sources  | \$ 485,131              | \$ -   | \$ 182,976   | \$ 668,107                              |
| State Sources  | 3,359,458               | 80,452   | 12,394   | 3,452,304                               |
| Federal Sources                                      | 52,723                  | 603,441  | 162,902  | 819,066                                 |
| <b>TOTAL REVENUES</b>                                | <b>3,897,312</b>        | <b>683,893</b>   | <b>358,272</b>                                       | <b>4,939,477</b>                        |
| <b>EXPENDITURES</b>                                  |                         |  |  |   |
| Instructional Program                                | 1,991,002               | 581,146  | 114,876  | 2,687,024                               |
| Student Supporting Services                          | 63,284                  | 30,889   | -  | 94,173                                  |
| Instructional Staff Supporting Services              | 51,816                  | 16,347   | -  | 68,163                                  |
| General Administration Supporting Services           | 252,535                 | 8,068  | -  | 260,603                                 |
| School Administration Supporting Services            | 190,615                 | 4,210  | -  | 194,825                                 |
| Business Supporting Services                         | 58,744                  | 5,564  | -  | 64,308                                  |
| Operations and Maintenance of Plant Services         | 386,375                 | 9,770  | -  | 396,145                                 |
| Student Transportation Services                      | 143,533                 | 3,890  | -  | 147,423                                 |
| Central Supporting Services                          | 84,980                  | 18,495   | -  | 103,475                                 |
| Food Services  | -                       | 5,514  | 229,706  | 235,220                                 |
| Facilities Acquisition and Construction Services     | -                       | -  | 17,725   | 17,725                                  |
| Debt Service   | -                       | -  | 87,832   | 87,832                                  |
| <b>TOTAL EXPENDITURES</b>                            | <b>3,222,884</b>        | <b>683,893</b>   | <b>450,139</b>                                       | <b>4,356,916</b>                        |
| Excess (Deficiency) of<br>Revenues Over Expenditures | 674,428                 | -  | (91,867)   | 582,561                                 |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                         |  |  |   |
| Transfers (to)/from Other Funds                      | (145,000)               | -  | 145,000  | -                                       |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>      | <b>(145,000)</b>        | <b>-</b>   | <b>145,000</b>                                       | <b>-</b>                                |
| Net Change in Fund Balance                           | 529,428                 | -  | 53,133   | 582,561                                 |
| <b>Fund Balance at Beginning of Year</b>             | <b>3,344,353</b>        | <b>-</b>   | <b>744,828</b>                                       | <b>4,089,181</b>                        |
| <b>Fund Balance at End of Year</b>                   | <b>\$ 3,873,781</b>     | <b>\$ -</b>  | <b>\$ 797,961</b>                                    | <b>\$ 4,671,742</b>                     |

The accompanying notes are an integral part of this financial statement.

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**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** \$ 582,561

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the activity in the capital assets in the current period.

|                      |  |           |
|----------------------|--|-----------|
| Depreciation expense |  | (690,589) |
|----------------------|--|-----------|

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

|  |              |        |
|--|--------------|--------|
| Principal Payments on General Obligation Bonds | \$ 54,810    |        |
| Change in accrued interest payable             | <u>1,317</u> |        |
|  |              | 56,127 |

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

|                      |              |         |
|----------------------|--------------|---------|
| Compensated Absences | (5,245)      |         |
| Retirement Benefit   | <u>3,000</u> |         |
|                      |              | (2,245) |

Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of the change in pension and OPEB expense.

|  |           |                                |
|--|-----------|--------------------------------|
|  |           | <u>1,548,704</u>               |
| <b>Change in net position of governmental activities</b> | <b>\$</b> | <b><u><u>1,494,558</u></u></b> |

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the District reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*.

**REPORTING ENTITY**

***Primary Government***

Conejos School District No. 6J is a public school as established by Colorado State Statute. The District is declared to be a corporate body with perpetual existence and in its name may hold property, sue and be sued, and be a party to contracts for any purpose authorized by law. Members of the school board are voted on at large by the registered, qualified electors of the District. Taxes are levied upon all taxable property within the District's boundaries by the County Commissioners. The County Treasurer collects the taxes and remits them to the District. The District also receives State and Federal funds. The school board has the authority to issue bonds up to 20% of the latest assessed valuation of the taxable property in the District. The board also has authority to select the depository of school funds and acquire short-term loans.

***Component Units***

The District's combined financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency by the organization on the District
- The organization is financially accountable to the District
- The organization receives or holds funds that are for the benefit of the District; and the District has access to a majority of the funds held; and the funds that are accessible are also significant to the District.

Based on the aforementioned criteria, the Conejos School District No. 6J has no component units.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. Government-wide statements report information on all of the activities of the District. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

The Statement of Activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from services, or privileges provided by a given function or segment and
- 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 in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. The emphasis of fund financial statements is on major governmental funds, each reported as a separate column.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements, imposed by the provider, are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally 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.

The District reports the following major governmental funds:

- The **General Fund** is the general operating fund of the District. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Governmental Designated Purpose Grants Fund** is used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes other than debt service or capital projects. The federal, state and local grants account for revenue and expenses specifically related to grants which have various restrictions based on the specific grant.

Certain eliminations have been made as prescribed in GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

**ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE**

***Cash***

The District's cash and cash equivalents are considered to be cash in bank, certificates of deposit, and liquid investments with initial maturity of three months or less.

***Investments***

All investments, if any, are recorded at fair market value.

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

***Property Taxes***

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The District’s property taxes are collected by the County Treasurer who remits monthly receipts to the District. Property tax revenue is recognized when received by the County Treasurer.

Uncollected property taxes that became an enforceable lien January 1, 2021 have been recorded in the financial statements as an asset and a corresponding deferred inflow of resources.

***Receivables/Payables From Other District Funds***

Balances that originate from current lending/borrowing arrangements between funds are referred to as “Due To/From Other Funds”.

***Inventories***

Purchased inventories are stated at cost and consist of supplies and food to be used within one year. Donated inventory is priced at the U.S. Department of Agriculture established values.

***USDA Commodities***

The Food Service Fund receives donated commodities to use in meal preparation from the U.S. Department of Agriculture. The value of these commodities received during the year is shown as income, and the value of commodities used is shown as expense.

***Capital Assets***

Capital assets, which include land, buildings, equipment, vehicles, and construction in progress are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

| Assets    | Years |
|-----------|-------|
| Buildings | 20-50 |
| Equipment | 4-20  |
| Vehicles  | 7-20  |

***Long-Term Obligations***

Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as an other financing source and debt payments are reported as debt service expenditures.

***Compensated Absences***

Employees of the District receive from 4.5 to 6 days each term for sick leave. At the end of each term, an employee has the option to either accumulate unused sick leave or be paid for the unused sick leave of that term provided they have 20 days or more of accumulated sick leave. Employees of the District shall receive reimbursement at the rate of \$75 per day for certified employees and \$65 per day for non-certified employees for unused sick leave, up to a

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

maximum of 30 days, upon separation from the District. A liability for accrued personal leave is accrued in the government-wide financial statements.

***Unearned Grant Revenue***

Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period.

In addition to liabilities, the statement of net position reports a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Certain amounts related to pensions must be deferred.

***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 (FNP) and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2021.

***Other Postemployment Benefits***

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 (FNP) 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.

***Net Position***

*Net position* represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.

- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

***Fund Balance***

Fund balances are reported by classification based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the following five categories:

- *Nonspendable Fund Balance* – amounts that cannot be spent because they are not in spendable form – such as inventory and prepaid expenditures.
- *Restricted Fund Balance* – amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* – amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of Education, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance* – amounts a government intends to use for a specific purpose; intent is expressed by the Board of Education.
- *Unassigned Fund Balance* – amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

***Encumbrances***

The District does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are rebudgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

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***Use of Estimates***

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

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

***Budgets and Budgetary Accounting***

Conejos School District No. 6J follows the procedures set forth in the Colorado School District Budget Law when preparing annual budgets for each fund. Budget procedures include:

- 1) Preparation of budget documents by administrative staff shall be submitted to the Board no later than June 1 of each year.
- 2) Publication of a notice stating that the budget is available for public inspection.
- 3) Discussion of the budget in a meeting open to the public.
- 4) Adoption of the budget in a public meeting by appropriate resolution.

Formal budgetary integration is employed as a management control device for all funds of the District. All fund budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget, if applicable.

***Stewardship***

Total expenditures exceeded budgeted appropriations in the Food Service Fund by \$2,706. This may be a violation of Colorado State Statute 22-44-115(1).

**NOTE 3 CASH, DEPOSITS, AND INVESTMENTS**

A summary of Cash, Deposits, and Investments for the District are as follows:

|  |                            |
|--|----------------------------|
| Cash in Banks and on Hand  | \$ 4,416,391               |
| COLOTRUST Investments  | <u>463,853</u>             |
| Total cash, deposits, and investments on the Statement of Net Position | <u><u>\$ 4,880,244</u></u> |

***Cash and Deposits***

Colorado State Statutes govern the District's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

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

***Custodial Credit Risk – Deposits***

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does have a deposit policy for custodial credit risk. As of year-end, \$3,426,511 of the District's bank balance of \$4,332,610 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

***Investments***

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest. They include the following:

- Obligations of the United States and certain U.S. governments agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper holding the highest credit rating category and with a maturity within 180 days
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Corporate or bank debt issued by eligible corporations or banks

COLOTRUST is a money market investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. The pool operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities. COLOTRUST is rated AAAM by Standard and Poors, and maintains a constant net asset value of \$1 per share. Financial statements for COLOTRUST are available at [www.colotrust.com](http://www.colotrust.com). The total COLOTRUST investment was valued at \$463,853 at June 30, 2021 with a credit rating of AAAM by Standard & Poors.

*Interest Rate Risk* – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk* – The risk that an issuer or other counterparty to an investment will not fulfill its obligation. State statutes limit investments in U.S. Agency securities to the highest rating issued by Nationally Recognized Statistical Rating Organizations (NRSROs).

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*Concentration of Credit Risk* – The risk of loss attributed to the magnitude of a government’s investment in a single issuer. The District has not established a policy limiting the investment in any type of security and deems it unnecessary at this time.

**NOTE 4 PROPERTY TAXES RECEIVABLE**

At June 30, 2021, the District’s General Fund and Bond Redemption Fund had an estimated property tax receivable of \$5,993 and \$2,924, respectively.

**NOTE 5 DUE FROM OTHER GOVERNMENTS**

Intergovernmental receivables include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

As of June 30, 2021, the District had \$227,794 due from Federal, State, and Local governments, reflected as intergovernmental receivables in the accompanying basic financial statements.

**NOTE 6 INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS**

***Interfund Receivables/Payables***

The District reports interfund balances between many of its funds. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

Interfund receivable and payable balances at June 30, 2021 were as follows:

| Receivable Fund | Payable Fund                                | Total      |
|-----------------|---|------------|
| General Fund    | Governmental Designated Purpose Grants Fund | \$ 108,443 |

***Interfund Transfers***

Interfund transfers for the year ended June 30, 2021, were as follows:

| Transfers In                          | Transfer Out | Total      |
|---------------------------------------|--------------|------------|
| Capital Reserve Capital Projects Fund | General Fund | \$ 25,000  |
| Food Service Fund                     | General Fund | 75,000     |
| Student Activity Fund                 | General Fund | 45,000     |
|                                       | Total        | \$ 145,000 |

These transfers were made to set aside funds for capital projects and subsidize the Food Service and Student Activity Funds.

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**NOTE 7 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021, was as follows:

|   | Balance<br>06/30/2020 | Additions           | Deletions   | Balance<br>06/30/2021 |
|---|-----------------------|---------------------|-------------|-----------------------|
| <i>Governmental Activities:</i>             |                       |                     |             |                       |
| Capital assets not being depreciated        |                       |                     |             |                       |
| Land  | \$ 43,969             | \$ -                | \$ -        | \$ 43,969             |
| Total capital assets not being depreciated  | 43,969                | -                   | -           | 43,969                |
| Capital assets being depreciated            |                       |                     |             |                       |
| Land Improvements                           | 75,103                | -                   | -           | 75,103                |
| Buildings                                   | 20,334,922            | -                   | -           | 20,334,922            |
| Equipment                                   | 2,120,363             | -                   | 14,240      | 2,106,123             |
| Vehicles                                    | 757,030               | -                   | -           | 757,030               |
| Total capital assets being depreciated      | 23,287,418            | -                   | 14,240      | 23,273,178            |
| Less accumulated depreciation for:          |                       |                     |             |                       |
| Land Improvements                           | 17,007                | 4,088               | -           | 21,095                |
| Buildings                                   | 3,215,820             | 506,204             | -           | 3,722,024             |
| Equipment                                   | 988,244               | 147,299             | 14,240      | 1,121,303             |
| Vehicles                                    | 538,746               | 32,998              | -           | 571,744               |
| Total accumulated depreciation              | 4,759,817             | 690,589             | 14,240      | 5,436,166             |
| Total Capital Assets being depreciated, net | 18,527,601            | (690,589)           | -           | 17,837,012            |
| Governmental Activities Capital Assets, net | <u>\$ 18,571,570</u>  | <u>\$ (690,589)</u> | <u>\$ -</u> | <u>\$ 17,880,981</u>  |

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

*Governmental activities:*

|  |                   |
|--|-------------------|
| Instructional Program                                | \$ 635,496        |
| Student Transportation Services                      | 32,998            |
| Food Services  | 22,095            |
| Total depreciation expense – governmental activities | <u>\$ 690,589</u> |

**NOTE 8 ACCRUED SALARIES AND BENEFITS**

The teachers, administrators, and the administrative staff are employed under nine, ten, and eleven month contracts. All District employees are paid on a twelve-month basis and, therefore, a difference exists between the actual amount of salaries earned under the contract and the amount paid. The difference between salaries earned and paid, including the District's share of benefits, has been accrued in the financial statements in the amount of \$341,940.

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**NOTE 9 LONG-TERM DEBT**

***Changes in Long-Term Debt***

Long-term liability balances for the year ended June 30, 2021, were as follows:

|                                 | Beginning<br>Balance<br><u>06/30/2020</u> | Additions               | Deletions                 | Ending<br>Balance<br><u>06/30/2021</u> | Due<br>Within<br>One Year |
|---------------------------------|---|-------------------------|---------------------------|--|---------------------------|
| <i>Governmental Activities:</i> |   |                         |                           |  |                           |
| G.O. Bonds Payable-Series 2011  | \$ 829,190                                | \$ -                    | \$ (54,810)               | \$ 774,380                             | \$ 57,068                 |
| Retirement Benefit              | 141,400                                   | 4,900                   | (7,900)                   | 138,400                                | 7,900                     |
| Compensated Absences            | 56,473                                    | 5,245                   | -                         | 61,718                                 | -                         |
| <b>Total</b>                    | <b><u>\$ 1,027,063</u></b>                | <b><u>\$ 10,145</u></b> | <b><u>\$ (62,710)</u></b> | <b><u>\$ 974,498</u></b>               | <b><u>\$ 64,968</u></b>   |

***General Obligation Bonds Payable***

On December 8, 2011, the District issued general obligation bonds series 2011 in the amount of \$1,197,335 with an interest rate of 4.12% to be paid in full on December 1, 2031. The District issued the bonds to fulfill the required match of the Building Excellent Schools Today Act (BEST). The bond proceeds were used for the construction and renovation of schools within the District. The bonds are subject to redemption prior to maturity at the option of the District, in whole, but not in part on December 31, 2021, and any date thereafter, at a redemption price equal to the principal amount thereof and a redemption premium of 3% of the principal amount redeemed, plus accrued interest to the redemption date.

The annual debt service for the General Obligation Bonds Payable is as follows:

|                   | <u>Principal</u>         | <u>Interest</u>          | <u>Totals</u>            |
|-------------------|--------------------------|--------------------------|--------------------------|
| FY 2022           | \$ 57,068                | \$ 31,893                | \$ 88,961                |
| FY 2023           | 59,418                   | 29,542                   | 88,960                   |
| FY 2024           | 61,865                   | 27,095                   | 88,960                   |
| FY 2025           | 64,413                   | 24,547                   | 88,960                   |
| FY 2026           | 67,066                   | 21,895                   | 88,961                   |
| FY 2027 - FY 2031 | 379,108                  | 65,695                   | 444,803                  |
| FY 2032           | 85,442                   | 3,519                    | 88,961                   |
|                   | <b><u>\$ 774,380</u></b> | <b><u>\$ 204,186</u></b> | <b><u>\$ 978,566</u></b> |

***Retirement Benefit***

The District offers a retirement benefit for eligible staff. The amount of the benefit is based on the length of employment by the District. Part time employees will be eligible for one-half of this benefit if the length of their employment meets the requirements noted in the policy. The retirement benefit will be paid to the employee, or the designated beneficiary after retirement in five equal yearly payments.

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**NOTE 10 DEFINED BENEFIT PENSION PLAN**

***General Information about the Pension Plan***

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

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

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

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

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

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

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*Contributions provisions as of June 30, 2021.* Eligible employees of, the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.00 percent of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below:

|   | July 1, 2020 Through<br>June 30, 2021 |
|---|---------------------------------------|
| Employer Contribution Rate  | 10.90%                                |
| Amount of Employer Contribution apportioned to the Health<br>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<br>in C.R.S. § 24-51-411                                    | 4.50%                                 |
| Supplemental Amortization Equalization Disbursement (SAED)<br>as specified in C.R.S. § 24-51-411                      | 5.50%                                 |
| Total employer contribution rate to the SCHDTF  | 19.88%                                |

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

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$448,263 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 contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

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

At June 30, 2021, the District reported a liability of \$6,016,248 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

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contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

|   |    |           |
|---|----|-----------|
| Conejos School District's proportionate share of the net position liability   | \$ | 6,016,248 |
| The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Sanford School District |    | -         |
| Total   | \$ | 6,016,248 |

At December 31, 2020, the District's proportion was 0.0398 percent, which was an increase of 0.0040 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense of (\$1,529,794) and revenue of \$0 for support from the State as a nonemployer contributing entity. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience   | \$ 330,563                           | \$ -                                |
| Changes of assumptions or other inputs  | 578,744                              | 1,011,280                           |
| Net difference between projected and actual earnings on pension plan investments                                      | -                                    | 1,324,313                           |
| Changes in proportion share and differences between contributions recognized and proportionate share of contributions | 636,441                              | 200,340                             |
| Contributions subsequent to the measurement date  | 238,135                              | -                                   |
| Total   | \$ 1,783,883                         | \$ 2,535,933                        |

\$238,135 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, |              |
|---------------------|--------------|
| 2022                | \$ (976,623) |
| 2023                | 336,473      |
| 2024                | (141,118)    |
| 2025                | (208,918)    |
| 2026                | -            |
| Thereafter          | -            |

*Actuarial assumptions.* The total pension liability in the December 31, 2019 actuarial valuation was determined using the following 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% |

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|   |                     |
|---|---------------------|
| 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 <sup>1</sup>  | Financed by the AIR |

<sup>1</sup> 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 Healthy Annuitant Mortality Table, adjusted as follows:

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

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

The actuarial assumptions used in the December 31, 2019, 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 18, 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  | 0.07%         |
| 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%         |

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PERA Benefit Structure hired after 12/31/06<sup>1</sup>

Financed by the AIR

<sup>1</sup> Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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

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

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

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

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

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

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

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

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

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

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

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for

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each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

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

| <u>Asset Class</u>        | <u>Target Allocation</u> | <u>30 Year Expected Geometric Real Rate</u> |
|---------------------------|--------------------------|---|
| Global Equity             | 54.00%                   | 5.60%                                       |
| Fixed Income              | 23.00%                   | 1.30%                                       |
| Private Equity            | 8.50%                    | 7.10%                                       |
| Real Estate               | 8.50%                    | 4.40%                                       |
| Alternatives <sup>1</sup> | 6.00%                    | 4.70%                                       |
| Total                     | <u>100.00%</u>           |   |

<sup>1</sup> The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected 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 current 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, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), 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. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.

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- 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.
- 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 FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond 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<br>(6.25%) | Current Discount<br>Rate<br>(7.25%) | 1% Increase<br>(8.25%) |
|--|------------------------|-------------------------------------|------------------------|
| Proportionate share of the net pension liability | \$ 8,206,655           | \$ 6,016,248                        | \$ 4,190,917           |

*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](http://www.copera.org/investments/pera-financial-reports).

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS**

***General Information about the OPEB Plan***

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

*Benefits provided.* The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member’s years of service credit.

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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 are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

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

*PERA Benefit Structure*

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

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

*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 \$22,999 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$218,714 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's 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.

At December 31, 2020, the District's proportion was 0.0230 percent, which was a decrease of 0.0004 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021 the District recognized OPEB expense of (\$18,910). At June 30, 2021, District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience  | \$ 580                               | \$ 48,084                           |
| Net difference between projected and actual earnings on<br>OPEB plan investments                                   | -                                    | 8,937                               |
| Changes of assumptions or other inputs   | 1,634                                | 13,411                              |
| Changes in proportion and differences between contributions<br>recognized and proportionate share of contributions | 3,122                                | 7,153                               |
| Contributions subsequent to the measurement date   | 12,218                               | -                                   |
| Total  | \$ 17,554                            | \$ 77,585                           |

\$12,218 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended June 30, |          |
|---------------------|----------|
| 2022                | (17,053) |
| 2023                | (15,803) |
| 2024                | (16,298) |
| 2025                | (16,028) |
| 2026                | (6,636)  |
| Thereafter          | (429)    |

*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<br>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<br>decreasing to 4.50% in 2029    |
| Medicare Part A premiums  | 3.50% in 2020,<br>gradually increasing to 4.50%<br>in 2029 |

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In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums 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<br>Adjusted to Age 65 |
| Medicare Advantage/Self-Insured Rx          | \$588   | \$227           | \$550                              |
| Kaiser Permanente Medicare Advantage<br>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<br>Medicare Plans | Medicare Part A<br>Premiums |
|-------|----------------------------|-----------------------------|
| 2020  | 8.10%                      | 3.50%                       |
| 2021  | 6.40%                      | 3.75%                       |
| 2022  | 6.00%                      | 3.75%                       |
| 2023  | 5.70%                      | 3.75%                       |
| 2024  | 5.50%                      | 4.00%                       |
| 2025  | 5.30%                      | 4.00%                       |
| 2026  | 5.10%                      | 4.00%                       |
| 2027  | 4.90%                      | 4.25%                       |
| 2028  | 4.70%                      | 4.25%                       |
| 2029+ | 4.50%                      | 4.50%                       |

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below 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.

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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 School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

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

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

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

|   | Trust Fund      |
|---|-----------------|
|   | School Division |
| Actuarial cost method                       | Entry age       |
| Price inflation                             | 2.30%           |
| Real wage growth                            | 0.70%           |
| Wage inflation                              | 3.00%           |
| Salary increases, including wage inflation: |                 |
| Members other than State Troopers           | 3.40%-11.00%    |

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.

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

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

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

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

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.

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

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

<sup>1</sup> The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

|  | <u>1% Decrease<br/>in Trend Rates</u> | <u>Current Trend<br/>Rates</u> | <u>1% Increase<br/>in Trend Rates</u> |
|--|---------------------------------------|--------------------------------|---------------------------------------|
| Initial PERACare Medicare trend rate         | 7.10%                                 | 8.10%                          | 9.10%                                 |
| Ultimate PERACare Medicare Part A 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                           | \$ 213,061                            | \$ 218,714                     | \$ 225,295                            |

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

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- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars 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 FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

*Sensitivity of the 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:

|   | 1% Decrease<br>(6.25%) | Current<br>Discount Rate<br>(7.25%) | 1% Increase<br>(8.25%) |
|---|------------------------|-------------------------------------|------------------------|
| Proportionate share of the net OPEB liability | \$ 250,541             | \$ 218,714                          | \$ 191,520             |

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

**NOTE 12 DEFINED CONTRIBUTION PENSION PLAN**

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

*Funding Policy* – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions, and investment earnings. For the year ended June 30, 2021, program members contributed \$10,196 for the Voluntary Investment Program.

**NOTE 13 JOINT VENTURES AND RELATED PARTIES**

The District participates in the following entity. This joint venture and related party does not meet the criteria for inclusion within the reporting entity because the following entity:

- is financially independent and responsible for its own financing deficits and entitled to its own surpluses,

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- has a separate governing board from that of the District,
- has a separate management which is responsible for day-to-day operations and is accountable to the separate governing board,
- has governing boards and management with the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome for disposition of matters affecting the recipients of services provided, and
- has absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

**San Luis Valley Board of Cooperative Educational Services (BOCES)**

The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The Board of the BOCES is selected from the elected members of the District Boards. The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is approximately 7% at June 30, 2021. Complete separate financial statements may be obtained from BOCES.

**NOTE 14 COMMITMENTS AND CONTINGENCIES**

The District participates in federal grant programs subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

***COVID-19***

In March of 2020, the COVID-19 virus was declared a global pandemic. Business continuity could be severely impacted for months or more, as significant and unprecedented measures to mitigate the consequences of the pandemic are undertaken. The District has been awarded Coronavirus Aid, Relief, and Economic Security (CARES) Act and Elementary and Secondary School Emergency Relief Funding (ESSER) to mitigate some of the costs/losses incurred as a result of the pandemic. However, no adjustments have been made to these financial statements as the potential impact is unknown at this time.

**NOTE 15 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

***Self Insurance Program***

***Health Insurance***

Effective July 1, 2014, the District began a level-funding self-insurance program, accounted for in the General Fund, to internally provide services previously purchased through a third party contract. The purpose of the program is to pay medical and prescription claims of the District employees and minimize annual medical insurance costs to the District. Medical claims exceeding \$20,000 per covered individual claim liability is covered by a private insurance carrier. The District does not report a liability based on the requirements of Governmental Accounting Standards Board No. 10, as the plan is a level-funding health plan in which monthly payments to the Third Party Administrator are fixed.

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**NOTE 16 TABOR EMERGENCY RESERVE**

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.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

In November 1996, voters approved a ballot which stated that the District is authorized to collect, retain and expend all revenues including grants and other funds collected during 1996-97 budget year and each subsequent year from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado constitution, provided, however, that no property tax mill levy be increased at any time nor shall any new tax be imposed without the prior approval of the voters.

The amendment also requires that Emergency Reserves be established. These reserves must be at least three percent of fiscal year spending. This Emergency Reserve is accounted for as a restricted fund balance in the General Fund balance sheet and a restricted net position in the government-wide statement of net position. The entity is not allowed to use the Emergency Reserve to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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### **REQUIRED SUPPLEMENTARY INFORMATION**

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund and each of the District's major special revenue funds. In addition, pension and OPEB plan contributions and the District's proportionate share of the net pension and OPEB liabilities is required to supplement the basic financial statements.

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended June 30, 2021**

|   | BUDGETED AMOUNTS   |                  | ACTUAL              | VARIANCE WITH          |
|---|--------------------|------------------|---------------------|------------------------|
|   | ORIGINAL           | FINAL            |                     | FINAL BUDGET           |
|   |                    |                  |                     | POSITIVE<br>(NEGATIVE) |
| <b>REVENUES</b>                                   |                    |                  |                     |                        |
| Local Sources                                     | \$ 356,700         | \$ 363,700       | \$ 485,131          | \$ 121,431             |
| State Sources                                     | 3,238,000          | 3,378,948        | 3,359,458           | (19,490)               |
| Federal Sources                                   | 2,500              | 2,500            | 52,723              | 50,223                 |
| <b>TOTAL REVENUES</b>                             | <b>3,597,200</b>   | <b>3,745,148</b> | <b>3,897,312</b>    | <b>152,164</b>         |
| <b>EXPENDITURES</b>                               |                    |                  |                     |                        |
| Instructional Program                             | 2,386,800          | 2,384,900        | 1,991,002           | 393,898                |
| Student Supporting Services                       | 97,000             | 97,000           | 63,284              | 33,716                 |
| Instructional Staff Supporting Services           | 53,800             | 54,300           | 51,816              | 2,484                  |
| General Administration Supporting Services        | 261,250            | 252,250          | 252,535             | (285)                  |
| School Administration Supporting Services         | 172,300            | 172,300          | 190,615             | (18,315)               |
| Business Supporting Services                      | 59,000             | 59,000           | 58,744              | 256                    |
| Operations and Maintenance of Plant Services      | 458,150            | 463,650          | 386,375             | 77,275                 |
| Student Transportation Services                   | 188,000            | 195,000          | 143,533             | 51,467                 |
| Central Supporting Services                       | 262,500            | 263,000          | 84,980              | 178,020                |
| Reserves  | 140,000            | 140,000          | -                   | 140,000                |
| <b>TOTAL EXPENDITURES</b>                         | <b>4,078,800</b>   | <b>4,081,400</b> | <b>3,222,884</b>    | <b>858,516</b>         |
| Excess (Deficiency) of Revenues Over Expenditures | (481,600)          | (336,252)        | 674,428             | 1,010,680              |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                    |                  |                     |                        |
| Transfer to Other Funds                           | (145,000)          | (145,000)        | (145,000)           | -                      |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>       | <b>(145,000)</b>   | <b>(145,000)</b> | <b>(145,000)</b>    | <b>-</b>               |
| Net Change in Fund Balance                        | (626,600)          | (481,252)        | 529,428             | 1,010,680              |
| <b>Fund Balance at Beginning of Year</b>          | <b>604,077</b>     | <b>481,252</b>   | <b>3,344,353</b>    | <b>2,863,101</b>       |
| <b>Fund Balance at End of Year</b>                | <b>\$ (22,523)</b> | <b>\$ -</b>      | <b>\$ 3,873,781</b> | <b>\$ 3,873,781</b>    |

**Notes to the Required Supplementary Information**

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND**  
**For the Year Ended June 30, 2021**

|  | <b>BUDGETED AMOUNTS</b> |                | <b>ACTUAL</b>  | <b>VARIANCE WITH</b> |
|--|-------------------------|----------------|----------------|----------------------|
|  | <b>ORIGINAL</b>         | <b>FINAL</b>   |                | <b>FINAL BUDGET</b>  |
|  |                         |                |                | <b>POSITIVE</b>      |
|  |                         |                |                | <b>(NEGATIVE)</b>    |
| <b>REVENUES</b>                              |                         |                |                |                      |
| State Sources                                | \$ 103,000              | \$ 103,000     | \$ 80,452      | \$ (22,548)          |
| Federal Sources                              | 390,517                 | 614,649        | 603,441        | (11,208)             |
| <b>TOTAL REVENUES</b>                        | <u>493,517</u>          | <u>717,649</u> | <u>683,893</u> | <u>(33,756)</u>      |
| <b>EXPENDITURES</b>                          |                         |                |                |                      |
| Instructional Program                        | 480,500                 | 610,649        | 581,146        | 29,503               |
| Student Supporting Services                  | -                       | 107,000        | 30,889         | 76,111               |
| Instructional Staff Supporting Services      | -                       | -              | 16,347         | (16,347)             |
| General Administration Supporting Services   | -                       | -              | 8,068          | (8,068)              |
| School Administration Supporting Services    | -                       | -              | 4,210          | (4,210)              |
| Business Supporting Services                 | -                       | -              | 5,564          | (5,564)              |
| Operations and Maintenance of Plant Services | -                       | -              | 9,770          | (9,770)              |
| Student Transportation Services              | -                       | -              | 3,890          | (3,890)              |
| Central Supporting Services                  | -                       | -              | 18,495         | (18,495)             |
| Food Services                                | -                       | -              | 5,514          | (5,514)              |
| <b>TOTAL EXPENDITURES</b>                    | <u>480,500</u>          | <u>717,649</u> | <u>683,893</u> | <u>33,756</u>        |
| Net Change in Fund Balance                   | 13,017                  | -              | -              | -                    |
| <b>Fund Balance at Beginning of Year</b>     | <u>-</u>                | <u>-</u>       | <u>-</u>       | <u>-</u>             |
| <b>Fund Balance at End of Year</b>           | <u>\$ 13,017</u>        | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>          |

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**PERA SCHDTF PENSION PLAN**  
**For the Years Ended June 30,**

|  | <u>2021</u>                | <u>2020</u>                | <u>2019</u>                | <u>2018</u>                 | <u>2017</u>                 | <u>2016</u>                | <u>2015</u>                | <u>2014</u>                |
|--|----------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|----------------------------|----------------------------|----------------------------|
| District's proportion of the net pension liability   | 0.0397953063%              | 0.0358225865%              | 0.0360281919%              | 0.0403763758%               | 0.0413975578%               | 0.0426188835%              | 0.0438161782%              | 0.0413653489%              |
| District's proportionate share of the net pension liability (asset)  | \$ 6,016,248               | \$ 5,351,817               | \$ 6,379,531               | \$ 13,056,284               | \$ 12,325,653               | \$ 6,518,257               | \$ 5,938,564               | \$ 5,276,139               |
| State's proportionate share of the net pension liability (asset) associated with the District              | -                          | 678,810                    | 872,312                    | -                           | -                           | -                          | -                          | -                          |
| <b>Total</b>   | <b><u>\$ 6,016,248</u></b> | <b><u>\$ 6,030,627</u></b> | <b><u>\$ 7,251,843</u></b> | <b><u>\$ 13,056,284</u></b> | <b><u>\$ 12,325,653</u></b> | <b><u>\$ 6,518,257</u></b> | <b><u>\$ 5,938,564</u></b> | <b><u>\$ 5,276,139</u></b> |
| District's covered payroll   | \$ 2,128,495               | \$ 2,099,576               | \$ 1,980,663               | \$ 1,865,776                | \$ 1,858,496                | \$ 1,857,318               | \$ 1,834,005               | \$ 1,667,568               |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 283%                       | 255%                       | 322%                       | 700%                        | 663%                        | 351%                       | 324%                       | 316%                       |
| Plan fiduciary net position as a percentage of the total pension liability                                 | 66.99%                     | 64.52%                     | 57.01%                     | 43.96%                      | 43.1%                       | 59.2%                      | 62.8%                      | 64.1%                      |

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

\*\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

See Notes to Required Supplementary Information

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**PERA SCHDTF PENSION PLAN**  
**For the Years Ended June 30,**

|  | <u>2021</u>      | <u>2020</u>      | <u>2019</u>      | <u>2018</u>      | <u>2017</u>      | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      | <u>2013</u>      | <u>2012</u>      |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution                                  | \$ 448,263       | \$ 408,965       | \$ 391,352       | \$ 361,636       | \$ 340,754       | \$ 328,964       | \$ 314,426       | \$ 283,681       | \$ 243,211       | \$ 211,910       |
| Contributions in relation to the contractually required contribution | <u>(448,263)</u> | <u>(408,965)</u> | <u>(391,352)</u> | <u>(361,636)</u> | <u>(340,754)</u> | <u>(328,964)</u> | <u>(314,426)</u> | <u>(283,681)</u> | <u>(243,211)</u> | <u>(211,910)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| District's covered payroll   | \$ 2,254,839     | \$ 2,110,250     | \$ 2,045,758     | \$ 1,914,423     | \$ 1,853,383     | \$ 1,854,277     | \$ 1,861,402     | \$ 1,772,892     | \$ 1,611,807     | \$ 1,593,183     |
| Contributions as a percentage of covered payroll                     | 19.88%           | 19.38%           | 19.13%           | 18.89%           | 18.39%           | 17.74%           | 16.89%           | 16.00%           | 15.09%           | 13.30%           |

See Notes to Required Supplementary Information

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE**  
**OF THE NET OPEB LIABILITY**  
**COLORADO PERA HEALTH CARE TRUST FUND**  
**For the Years Ended June 30,**

|   | <u>2021</u>   |    | <u>2020</u>   |    | <u>2019</u>   |    | <u>2018</u>   |    | <u>2017</u>   |
|---|---------------|----|---------------|----|---------------|----|---------------|----|---------------|
| District's proportion of the net OPEB liability   | 0.0230170767% |    | 0.0234147097% |    | 0.0234185276% |    | 0.0229416933% |    | 0.0235308493% |
| District's proportionate share of the net OPEB liability  | \$ 218,714    | \$ | 263,181       | \$ | 318,619       | \$ | 298,201       | \$ | 305,085       |
| District's covered payroll  | \$ 2,128,495  | \$ | 2,099,576     | \$ | 1,980,663     | \$ | 1,865,776     | \$ | 1,858,496     |
| District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 10%           |    | 13%           |    | 16%           |    | 16%           |    | 16%           |
| Plan fiduciary net position as a percentage of the total OPEB liability                         | 32.78%        |    | 24.49%        |    | 17.03%        |    | 17.53%        |    | 20.07%        |

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

\*\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

See Notes to Required Supplementary Information

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**SCHEDULE OF DISTRICT'S CONTRIBUTIONS**  
**COLORADO PERA HEALTH CARE TRUST FUND**  
**For the Years Ended June 30,**

|  | <u>2021</u>     | <u>2020</u>     | <u>2019</u>     | <u>2018</u>     | <u>2017</u>     | <u>2016</u>     | <u>2015</u>     | <u>2014</u>     | <u>2013</u>     | <u>2012</u>     |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Contractually required contribution                                  | \$ 22,999       | \$ 21,525       | \$ 20,867       | \$ 19,527       | \$ 18,905       | \$ 18,914       | \$ 18,986       | \$ 18,083       | \$ 16,440       | \$ 16,250       |
| Contributions in relation to the contractually required contribution | <u>(22,999)</u> | <u>(21,525)</u> | <u>(20,867)</u> | <u>(19,527)</u> | <u>(18,905)</u> | <u>(18,914)</u> | <u>(18,986)</u> | <u>(18,083)</u> | <u>(16,440)</u> | <u>(16,250)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     |
| District's covered payroll   | \$ 2,254,839    | \$ 2,110,250    | \$ 2,045,758    | \$ 1,914,423    | \$ 1,853,383    | \$ 1,854,277    | \$ 1,861,402    | \$ 1,772,892    | \$ 1,611,807    | \$ 1,593,183    |
| Contributions as a percentage of covered payroll                     | 1.02%           | 1.02%           | 1.02%           | 1.02%           | 1.02%           | 1.02%           | 1.02%           | 1.02%           | 1.02%           | 1.02%           |

See Notes to Required Supplementary Information

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS**  
**For the Year Ended June 30, 2021**

**NOTE 1 NET PENSION LIABILITY**

Changes in assumptions or other inputs effective for the December 31 measurement period for the following years ended:

*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.
- 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 changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- Post-retirement non-disabled mortality assumptions were changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
  - Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
  - Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Post-retirement non-disabled beneficiary mortality assumptions were changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
  - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
  - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- Disabled mortality assumptions were changed to 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.

*2019* The post-retirement benefit increases to the PERA benefit structure for those hired prior to 1/1/07 was changed from 0% through 2019 and 1.5% compounded annually thereafter, to 1.25%.

*2018* The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.78%

*2017* The discount rate was lowered from 5.26% to 4.78%.

*2016*

- The price inflation assumption was lowered from 2.80% to 2.40%.
- The long-term expected rate of return assumption was lowered from 7.50% to 7.25% per year.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for actively working people, RP-2014 Healthy Annuitant Mortality Table projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50% to 5.26%.

*2015* There were no changes in assumptions or other inputs this measurement period compared to the prior year.

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS**  
**For the Year Ended June 30, 2021**

**NOTE 2 OTHER POSTEMPLOYMENT BENEFITS LIABILITY**

Changes in assumptions or other inputs effective for the December 31<sup>st</sup> measurement period for the following years ended:

*2020*

- 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.
- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real wage growth assumption decreased from 1.10 percent per year to 0.70 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.
- 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 for the School Division were changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- Post-retirement non-disabled mortality assumptions for the School Division were changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
  - Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
  - Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Post-retirement non-disabled beneficiary mortality assumptions were changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
  - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
  - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- Disabled mortality assumptions were changed to 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.

*2019*

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

*2018* There were no changes in assumptions or other inputs effective this measurement period compared to the prior year.

*2017* The Medicare Part A premiums were raised from 3.00% to 3.25%, as well as the gradual percentage rose from 4.25% in 2023 to 5.00% in 2025.

# **CONEJOS SCHOOL DISTRICT NO. 6J**

## **SUPPLEMENTARY INFORMATION**

These schedules present more detailed information for the individual funds in a format that segregates information by fund type.

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2021**

**SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

**Food Service Fund** - This fund is used to account for the operations of the school breakfast and lunch programs.

**Student Activity Fund** – This fund is used to record financial transactions related to school-sponsored pupil intrascholastic and interscholastic athletic and other related activities. These activities are supported in whole or in part by revenue from pupils, gate receipts, and other fundraising activities.

**Capital Reserve Capital Projects Fund** – This fund is used to account for the acquisition of sites, buildings, equipment, and vehicles.

**DEBT SERVICE FUND**

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**Bond Redemption Fund**- This fund is used to account for the accumulation of resources and for the payment of principal, interest, and related expenses on the long-term general obligation debt.

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2021**

|   | <u>SPECIAL REVENUE FUNDS</u>     |                                      |                                     |  |  |
|---|----------------------------------|--------------------------------------|-------------------------------------|--|--|
|   | <u>FOOD<br/>SERVICE<br/>FUND</u> | <u>STUDENT<br/>ACTIVITY<br/>FUND</u> | <u>BOND<br/>REDEMPTION<br/>FUND</u> | <u>CAPITAL<br/>RESERVE<br/>CAPITAL<br/>PROJECTS<br/>FUND</u> | <u>TOTAL<br/>NONMAJOR<br/>GOVERNMENTAL<br/>FUNDS</u> |
| <b>ASSETS</b>   |                                  |                                      |                                     |  |  |
| Cash and Investments  | \$ 28,409                        | \$ 145,837                           | \$ 183,403                          | \$ 423,691   | \$ 781,340   |
| Accounts Receivable   | -                                | -                                    | 4,166                               | -  | 4,166  |
| Property Tax Receivable   | -                                | -                                    | 2,924                               | -  | 2,924  |
| Due from Other Governments  | 29,367                           | -                                    | 2,154                               | -  | 31,521   |
| Inventories   | 1,843                            | -                                    | -                                   | -  | 1,843  |
| <b>TOTAL ASSETS</b>   | <u>\$ 59,619</u>                 | <u>\$ 145,837</u>                    | <u>\$ 192,647</u>                   | <u>\$ 423,691</u>  | <u>\$ 821,794</u>                                    |
| <b>LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b>           |                                  |                                      |                                     |  |  |
| <b>LIABILITIES</b>  |                                  |                                      |                                     |  |  |
| Accounts Payable  | \$ -                             | \$ 2,404                             | \$ -                                | \$ 883   | \$ 3,287   |
| Accrued Salaries and Benefits   | 16,172                           | -                                    | -                                   | -  | 16,172   |
| Unearned Grant Revenue  | -                                | -                                    | -                                   | 1,450  | 1,450  |
| <b>TOTAL LIABILITIES</b>  | <u>16,172</u>                    | <u>2,404</u>                         | <u>-</u>                            | <u>2,333</u>   | <u>20,909</u>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                                  |                                      |                                     |  |  |
| Unavailable Revenue   | -                                | -                                    | 2,924                               | -  | 2,924  |
| <b>FUND BALANCE</b>   |                                  |                                      |                                     |  |  |
| Nonspendable:   |                                  |                                      |                                     |  |  |
| Inventory   | 1,843                            | -                                    | -                                   | -  | 1,843  |
| Restricted:   |                                  |                                      |                                     |  |  |
| Debt Service  | -                                | -                                    | 189,723                             | -  | 189,723  |
| BEST Capital Reserve  | -                                | -                                    | -                                   | 255,400  | 255,400  |
| Committed:  |                                  |                                      |                                     |  |  |
| Food Services   | 41,604                           | -                                    | -                                   | -  | 41,604   |
| Student Activities  | -                                | 143,433                              | -                                   | -  | 143,433  |
| Capital Projects  | -                                | -                                    | -                                   | 165,958  | 165,958  |
| <b>TOTAL FUND BALANCE</b>   | <u>43,447</u>                    | <u>143,433</u>                       | <u>189,723</u>                      | <u>421,358</u>   | <u>797,961</u>                                       |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLOWS OF RESOURCES<br/>AND FUND BALANCES</b> |                                  |                                      |                                     |  |  |
|   | <u>\$ 59,619</u>                 | <u>\$ 145,837</u>                    | <u>\$ 192,647</u>                   | <u>\$ 423,691</u>  | <u>\$ 821,794</u>                                    |

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the Year Ended June 30, 2021**

|  | <u>SPECIAL REVENUE FUNDS</u>     |                                      |                                     |  |  |
|--|----------------------------------|--------------------------------------|-------------------------------------|--|--|
|  | <u>FOOD<br/>SERVICE<br/>FUND</u> | <u>STUDENT<br/>ACTIVITY<br/>FUND</u> | <u>BOND<br/>REDEMPTION<br/>FUND</u> | <u>CAPITAL<br/>RESERVE<br/>CAPITAL<br/>PROJECTS<br/>FUND</u> | <u>TOTAL<br/>NONMAJOR<br/>GOVERNMENTAL<br/>FUNDS</u> |
| <b>REVENUES</b>                                      |                                  |                                      |                                     |  |  |
| Local Sources  | \$ 19,123                        | \$ 74,495                            | \$ 89,358                           | \$ -   | \$ 182,976   |
| State Sources  | 1,414                            | -                                    | -                                   | 10,980   | 12,394   |
| Federal Sources                                      | 162,902                          | -                                    | -                                   | -  | 162,902  |
| <b>TOTAL REVENUES</b>                                | <u>183,439</u>                   | <u>74,495</u>                        | <u>89,358</u>                       | <u>10,980</u>  | <u>358,272</u>                                       |
| <b>EXPENDITURES</b>                                  |                                  |                                      |                                     |  |  |
| Instructional Program                                | -                                | 114,876                              | -                                   | -  | 114,876  |
| Food Services  | 229,706                          | -                                    | -                                   | -  | 229,706  |
| Debt Service   | -                                | -                                    | 87,832                              | -  | 87,832   |
| Facilities Acq. and Const. Services                  | -                                | -                                    | -                                   | 17,725   | 17,725   |
| <b>TOTAL EXPENDITURES</b>                            | <u>229,706</u>                   | <u>114,876</u>                       | <u>87,832</u>                       | <u>17,725</u>  | <u>450,139</u>                                       |
| Excess (Deficiency) of<br>Revenues Over Expenditures | <u>(46,267)</u>                  | <u>(40,381)</u>                      | <u>1,526</u>                        | <u>(6,745)</u>   | <u>(91,867)</u>                                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                                  |                                      |                                     |  |  |
| Transfers from Other Funds                           | <u>75,000</u>                    | <u>45,000</u>                        | <u>-</u>                            | <u>25,000</u>  | <u>145,000</u>                                       |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>      | <u>75,000</u>                    | <u>45,000</u>                        | <u>-</u>                            | <u>25,000</u>  | <u>145,000</u>                                       |
| Net Change in Fund Balance                           | 28,733                           | 4,619                                | 1,526                               | 18,255   | 53,133   |
| <b>Fund Balance at Beginning of Year</b>             | <u>14,714</u>                    | <u>138,814</u>                       | <u>188,197</u>                      | <u>403,103</u>   | <u>744,828</u>                                       |
| <b>Fund Balance at End of Year</b>                   | <u>\$ 43,447</u>                 | <u>\$ 143,433</u>                    | <u>\$ 189,723</u>                   | <u>\$ 421,358</u>  | <u>\$ 797,961</u>                                    |

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOOD SERVICE FUND**  
**For the Year Ended June 30, 2021**

|   | <b>BUDGETED AMOUNTS</b> |                 | <b>ACTUAL</b>    | <b>VARIANCE WITH</b> |
|---|-------------------------|-----------------|------------------|----------------------|
|   | <b>ORIGINAL</b>         | <b>FINAL</b>    |                  | <b>FINAL BUDGET</b>  |
|   |                         |                 |                  | <b>POSITIVE</b>      |
|   |                         |                 |                  | <b>(NEGATIVE)</b>    |
| <b>REVENUES</b>                                   |                         |                 |                  |                      |
| Local Sources                                     | \$ 53,800               | \$ 53,800       | \$ 19,123        | \$ (34,677)          |
| State Sources                                     | 3,200                   | 3,200           | 1,414            | (1,786)              |
| Federal Sources                                   | 95,500                  | 95,000          | 162,902          | 67,902               |
| <b>TOTAL REVENUES</b>                             | <u>152,500</u>          | <u>152,000</u>  | <u>183,439</u>   | <u>31,439</u>        |
| <b>EXPENDITURES</b>                               |                         |                 |                  |                      |
| Food Services                                     |                         |                 |                  |                      |
| Salaries  | 94,000                  | 94,000          | 98,448           | (4,448)              |
| Fringe Benefits                                   | 22,500                  | 22,500          | 25,484           | (2,984)              |
| Supplies and Materials                            | 92,800                  | 101,800         | 104,845          | (3,045)              |
| Purchased Services                                | 2,000                   | 2,000           | -                | 2,000                |
| Other Operating                                   | 6,700                   | 6,700           | 929              | 5,771                |
| <b>TOTAL EXPENDITURES</b>                         | <u>218,000</u>          | <u>227,000</u>  | <u>229,706</u>   | <u>(2,706)</u>       |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(65,500)</u>         | <u>(75,000)</u> | <u>(46,267)</u>  | <u>28,733</u>        |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                         |                 |                  |                      |
| Transfer from General Fund                        | 75,000                  | 75,000          | 75,000           | -                    |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>       | <u>75,000</u>           | <u>75,000</u>   | <u>75,000</u>    | <u>-</u>             |
| Net Change in Fund Balance                        | 9,500                   | -               | 28,733           | 28,733               |
| <b>Fund Balance at Beginning of Year</b>          | <u>-</u>                | <u>-</u>        | <u>14,714</u>    | <u>14,714</u>        |
| <b>Fund Balance at End of Year</b>                | <u>\$ 9,500</u>         | <u>\$ -</u>     | <u>\$ 43,447</u> | <u>\$ 43,447</u>     |

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**STUDENT ACTIVITY FUND**  
**For the Year Ended June 30, 2021**

|   | <b>BUDGETED AMOUNTS</b> |                    | <b>ACTUAL</b>            | <b>VARIANCE WITH</b>     |
|---|-------------------------|--------------------|--------------------------|--------------------------|
|   | <b>ORIGINAL</b>         | <b>FINAL</b>       |                          | <b>FINAL BUDGET</b>      |
|   |                         |                    |                          | <b>POSITIVE</b>          |
|   |                         |                    |                          | <b>(NEGATIVE)</b>        |
| <b>REVENUES</b>                                   |                         |                    |                          |                          |
| Local Sources                                     | \$ 137,000              | \$ 137,000         | \$ 74,495                | \$ (62,505)              |
| <b>TOTAL REVENUES</b>                             | <u>137,000</u>          | <u>137,000</u>     | <u>74,495</u>            | <u>(62,505)</u>          |
| <b>EXPENDITURES</b>                               |                         |                    |                          |                          |
| Instructional Program                             | 182,000                 | 182,000            | 114,876                  | 67,124                   |
| <b>TOTAL EXPENDITURES</b>                         | <u>182,000</u>          | <u>182,000</u>     | <u>114,876</u>           | <u>67,124</u>            |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(45,000)</u>         | <u>(45,000)</u>    | <u>(40,381)</u>          | <u>4,619</u>             |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                         |                    |                          |                          |
| Transfer to/from Other Funds                      | 45,000                  | 45,000             | 45,000                   | -                        |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>       | <u>45,000</u>           | <u>45,000</u>      | <u>45,000</u>            | <u>-</u>                 |
| Net Change in Fund Balance                        | -                       | -                  | 4,619                    | 4,619                    |
| <b>Fund Balance at Beginning of Year</b>          | <u>-</u>                | <u>-</u>           | <u>138,814</u>           | <u>138,814</u>           |
| <b>Fund Balance at End of Year</b>                | <u><u>\$ -</u></u>      | <u><u>\$ -</u></u> | <u><u>\$ 143,433</u></u> | <u><u>\$ 143,433</u></u> |

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**BOND REDEMPTION FUND**  
**For the Year Ended June 30, 2021**

|  | <u>BUDGETED AMOUNTS</u> |               | <u>ACTUAL</u>     | <b>VARIANCE WITH</b> |
|--|-------------------------|---------------|-------------------|----------------------|
|  | <u>ORIGINAL</u>         | <u>FINAL</u>  |                   | <b>FINAL BUDGET</b>  |
|  |                         |               |                   | <b>(NEGATIVE)</b>    |
| <b>REVENUES</b>                          |                         |               |                   |                      |
| Local Sources                            | \$ 89,000               | \$ 89,000     | \$ 89,358         | \$ 358               |
| <b>TOTAL REVENUES</b>                    | <u>89,000</u>           | <u>89,000</u> | <u>89,358</u>     | <u>358</u>           |
| <b>EXPENDITURES</b>                      |                         |               |                   |                      |
| Debt Service                             | <u>89,000</u>           | <u>89,000</u> | <u>87,832</u>     | <u>1,168</u>         |
| <b>TOTAL EXPENDITURES</b>                | <u>89,000</u>           | <u>89,000</u> | <u>87,832</u>     | <u>1,168</u>         |
| Net Change in Fund Balance               | -                       | -             | 1,526             | 1,526                |
| <b>Fund Balance at Beginning of Year</b> | <u>-</u>                | <u>-</u>      | <u>188,197</u>    | <u>188,197</u>       |
| <b>Fund Balance at End of Year</b>       | <u>\$ -</u>             | <u>\$ -</u>   | <u>\$ 189,723</u> | <u>\$ 189,723</u>    |

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**CAPITAL RESERVE CAPITAL PROJECTS FUND**  
**For the Year Ended June 30, 2021**

|   | <u>BUDGETED AMOUNTS</u> |                  | <u>ACTUAL</u>     | <u>VARIANCE WITH</u> |
|---|-------------------------|------------------|-------------------|----------------------|
|   | <u>ORIGINAL</u>         | <u>FINAL</u>     |                   | <u>FINAL BUDGET</u>  |
|   |                         |                  |                   | <u>POSITIVE</u>      |
|   |                         |                  |                   | <u>(NEGATIVE)</u>    |
| <b>REVENUES</b>                                   |                         |                  |                   |                      |
| State Sources                                     | \$ -                    | \$ -             | \$ 10,980         | \$ 10,980            |
| <b>TOTAL REVENUES</b>                             | <u>-</u>                | <u>-</u>         | <u>10,980</u>     | <u>10,980</u>        |
| <b>EXPENDITURES</b>                               |                         |                  |                   |                      |
| Facilities Acquisition and Construction Services  | 400,000                 | 400,000          | 17,725            | 382,275              |
| <b>TOTAL EXPENDITURES</b>                         | <u>400,000</u>          | <u>400,000</u>   | <u>17,725</u>     | <u>382,275</u>       |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(400,000)</u>        | <u>(400,000)</u> | <u>(6,745)</u>    | <u>393,255</u>       |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                         |                  |                   |                      |
| Transfer From Other Funds                         | 25,000                  | 25,000           | 25,000            | -                    |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>       | <u>25,000</u>           | <u>25,000</u>    | <u>25,000</u>     | <u>-</u>             |
| Net Change in Fund Balance                        | (375,000)               | (375,000)        | 18,255            | 393,255              |
| <b>Fund Balance at Beginning of Year</b>          | <u>375,000</u>          | <u>375,000</u>   | <u>403,103</u>    | <u>28,103</u>        |
| <b>Fund Balance at End of Year</b>                | <u>\$ -</u>             | <u>\$ -</u>      | <u>\$ 421,358</u> | <u>\$ 421,358</u>    |

**CONEJOS SCHOOL DISTRICT NO. 6J**

**SINGLE AUDIT SECTION**

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2021**

| <i>Federal Grantor/Program or Cluster Title</i>   | <i>Federal Assistance Number</i> | <i>Pass-through Grantor and Number</i>                            | <i>Federal Expenditures(\$)</i> |
|---|----------------------------------|---|---------------------------------|
| <b><i>Child Nutrition Cluster</i></b>   |                                  |   |                                 |
| U.S. Department of Agriculture  |                                  |   |                                 |
| National School Lunch Program   | 10.555                           | Colorado Department of Human Services,4555                        | \$ 11,943                       |
| COVID-19 Summer Food Service Program for Children   | 10.559                           | Colorado Department of Education,4559                             | 23,475                          |
| Summer Food Service Program for Children  | 10.559                           | Colorado Department of Education,4559                             | 127,484                         |
| <b><i>Total Child Nutrition Cluster</i></b>   |                                  |   | <b>162,902</b>                  |
| <b><i>Forest Service Schools and Roads Cluster</i></b>  |                                  |   |                                 |
| U.S. Department of Agriculture  |                                  |   |                                 |
| Schools and Roads - Grants to States  | 10.665                           | Colorado Department of Treasury and Conejos County Treasurer,7665 | 52,723                          |
| <b><i>Total Forest Service Schools and Roads Cluster</i></b>                                    |                                  |   | <b>52,723</b>                   |
| <b><i>Total U.S. Department of Agriculture</i></b>  |                                  |   | <b>215,625</b>                  |
| <b><i>Total All Clusters</i></b>  |                                  |   | <b>215,625</b>                  |
| <b><i>Other Programs</i></b>  |                                  |   |                                 |
| U.S. Department of Education  |                                  |   |                                 |
| Title I Grants to Local Educational Agencies  | 84.010                           | Colorado Department of Education,4010                             | 90,828                          |
| Rural Education   | 84.358                           | Colorado Department of Education,4358                             | 27,953                          |
| Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | 84.367                           | Colorado Department of Education,4367                             | 14,661                          |
| Student Support and Academic Enrichment Program   | 84.424                           | Colorado Department of Education,4424                             | 10,000                          |
| Education Stabilization Fund:   |                                  |   |                                 |
| COVID-19 Elementary and Secondary School Emergency Relief Fund I                                | 84.425D                          | Colorado Department of Education,4425                             | 60,246                          |
| COVID-19 Elementary and Secondary School Emergency Relief Fund II                               | 84.425 D                         | Colorado Department of Education, 4420                            | 4,691                           |
| COVID-19 American Rescue Plan - Elementary and Secondary Schools Emergency Relief (ARP ESSER)   | 84.425U                          | Colorado Department of Education, 4414                            | 142,840                         |
| Total Education Stabilization Fund:   | 84.425                           |   | 207,777                         |
| <b><i>Total U.S. Department of Education</i></b>  |                                  |   | <b>351,219</b>                  |
| U.S. Department of Treasury   |                                  |   |                                 |
| COVID-19 Coronavirus Relief Fund  | 21.019                           | Colorado Department of Education, 4012/5012                       | 252,036                         |
| <b><i>Total U.S. Department of Treasury</i></b>   |                                  |   | <b>252,036</b>                  |
| <b><i>Total Other Programs</i></b>  |                                  |   | <b>603,255</b>                  |
| <b><i>Total Expenditures of Federal Awards</i></b>  |                                  |   | <b>\$ 818,880</b>               |

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available. The District did not elect to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance for the year ended June 30, 2021. In addition, the District did not pass-through federal funds to subrecipients.

**NOTE 2 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Conejos School District No. 6J under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Conejos School District No. 6J, it is not intended to and does not present the financial position, changes in net position, or cash flows of Conejos School District No. 6J.

**NOTE 3: FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the Schedule at the fair market value of commodities received and disbursed.



Wall,  
Smith,  
Bateman Inc.

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

To the Board of Education  
Conejos School District No. 6J  
Sanford, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Conejos School District No. 6J (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 16, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 the attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness. Finding 2021-001.

**Certified Public Accountants**

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | [www.wsbcpa.com](http://www.wsbcpa.com)

## **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 determination of financial statement amounts. 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*.

## **District's Response to Finding**

The District's response to the finding identified in our audit are described in the accompanying corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

*Wall, Smith, Bateman Inc.*

Wall, Smith, Bateman Inc.  
Alamosa, Colorado

February 16, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**



**Wall,  
Smith,  
Bateman Inc.**

To the Board of Education  
Conejos School District No. 6J  
Sanford, Colorado

**Report on Compliance for Each Major Federal Program**

We have audited Conejos School District No. 6J'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 auditors' 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.

***Auditors' 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* 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, Conejos School District No. 6J 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.

**Certified Public Accountants**

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | [www.wsbcpa.com](http://www.wsbcpa.com)

## 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 or significant efficiencies. 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.

*Wall, Smith, Bateman Inc.*

Wall, Smith, Bateman Inc.  
Alamosa, Colorado

February 16, 2022

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2021**

**Section I – Summary of Auditors’ Results**

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_X\_\_\_\_\_yes \_\_\_\_\_no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? \_\_\_\_\_yes \_\_\_\_\_X\_\_\_\_\_none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_yes \_\_\_\_\_X\_\_\_\_\_no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_yes \_\_\_\_\_X\_\_\_\_\_no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? \_\_\_\_\_yes \_\_\_\_\_X\_\_\_\_\_none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? \_\_\_\_\_yes \_\_\_\_\_X\_\_\_\_\_no

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 21.019                | COVID-19 Coronavirus Relief Fund          |
| 84.425                | COVID-19 Education Stabilization Fund     |

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? \_\_\_\_\_yes \_\_\_\_\_X\_\_\_\_\_no

**Section II – Financial Statement Findings**

**Finding 2021-001: Internal Control Over Financial Reporting**

*Type of Finding: Internal Control (material weakness)*

*Criteria:* A system of internal control includes the design, documentation, and monitoring of control activities over the application of routine and non-routine accounting transactions and financial statement preparation.

*Condition:* The general ledger accounting system for the General Fund has been out of balance approximately \$160,000 since December 31, 2020. In addition, health insurance cash and liability accounts were not accurately reconciled throughout the year.

**CONEJOS SCHOOL DISTRICT NO. 6J**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2021**

*Cause:* The District's internal controls did not prevent or detect and correct out of balance health insurance payroll transactions posting in error as reconciliations were not performed on a timely basis for the months of September through December 2020.

*Effect:* Financial reports utilized by management throughout fiscal year 2021 were inaccurate as reconciliation and audit adjustments were necessary to correctly state the General Fund.

*Recommendation:* The District should strengthen its internal controls with adopted policies and procedures to implement reconciliation and monitoring processes, that include the review of a balance sheet report that clearly identifies when an out of balance condition exists.

*Management's Response:* See corrective action plan.

**Section III – Federal Award Findings and Questioned Costs**

None

**Section IV – Prior Year Audit Findings**

None

# Sanford Public School

PO Box 39 · Sanford · CO 81151  
(719) 274-5167 / Fax (719) 274-5830

## CORRECTIVE ACTION PLAN

Oversight Agencies: U.S. Department of Treasury  
U.S. Department of Education  
U.S. Department of Agriculture

Conejos School District No. 6J respectfully submits the following corrective action plan for the year ended June 30, 2021.

Independent Accountants: Wall, Smith, Bateman Inc.  
Certified Public Accountants  
3001 Adcock Circle, P.O. Box 809  
Alamosa, CO 81101

Audit period: Year ended June 30, 2021

The findings from the June 30, 2021 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section I of the schedule, Summary of Auditors' Results, does not include findings and is not addressed.

### Section II – Financial Statement Findings

#### **Finding 2021-001: Internal Control Over Financing Reporting**

*Type of finding: Internal Control (material weakness)*

*Recommendation:* The District should strengthen its internal controls with adopted policies and procedures to implement reconciliation and monitoring processes, that include the review of a balance sheet report that clearly identifies when an out of balance condition exists.

*Action Taken:* The District has added an additional staff member to our accounting team to help with accounts payable to allow more time to complete our procedures in a timelier manner and strengthen our internal controls. The District will also add a balance sheet report to our reconciliation and monitoring processes.

Mr. Kevin C. Edgar  
Superintendent

Mr. David Judd  
Secondary Principal

Mrs. Dena Jaminet  
Elementary Principal

CURLEY

# Sanford Public School

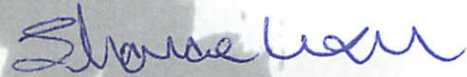
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If the U.S. Department of Treasury, U.S. Department of Education, or U.S. Department of Agriculture have questions regarding this plan, please call the responsible party listed below.

Sincerely yours,



Kevin Edgar  
Superintendent  
Conejos School District No. 6J



Shanae Larsen  
Business Manager  
Conejos School District No. 6J



Mr. Kevin C. Edgar  
Superintendent

Mr. David Judd  
Secondary Principal

Mrs. Dena Jaminet  
Elementary Principal

**CONEJOS SCHOOL DISTRICT NO. 6J**

**CDE COMPLIANCE SECTION**



Colorado Department of Education

Auditors Integrity Report

District: 0560 - Sanford 6J

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   | 3,309,892                                | 3,539,163                                  | 3,029,802                                 | 3,819,253   |
| 18 Risk Mgmt Sub-Fund of General Fund                   | 38,411                                   | 114,000                                    | 100,197                                   | 52,214  |
| 19 Colorado Preschool Program Fund                      | -3,949                                   | 99,150                                     | 92,888                                    | 2,313   |
| <b>Sub- Total</b>                                       | <b>3,344,354</b>                         | <b>3,752,313</b>                           | <b>3,222,887</b>                          | <b>3,873,781</b>                                      |
| 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                       | 14,714                                   | 258,439                                    | 229,706                                   | 43,447  |
| 22 Govt Designated-Purpose Grants Fund                  | 0  | 683,893                                    | 683,893                                   | 0   |
| 23 Pupil Activity Special Revenue Fund                  | 138,813                                  | 119,495                                    | 114,875                                   | 143,434   |
| 24 Full Day Kindergarten Mill Levy Override             | 0  | 0  | 0   | 0   |
| 25 Transportation Fund                                  | 0  | 0  | 0   | 0   |
| 31 Bond Redemption Fund                                 | 188,197                                  | 89,359                                     | 87,831                                    | 189,724   |
| 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                | 403,103                                  | 35,980                                     | 17,724                                    | 421,359   |
| 46 Supplemental Cap Const, Tech, Main Fund              | 0  | 0  | 0   | 0   |
| <b>Totals</b>   | <b>4,089,181</b>                         | <b>4,939,479</b>                           | <b>4,356,916</b>                          | <b>4,671,744</b>                                      |
| <b>Proprietary</b>                                      |  |  |   |   |
| 50 Other Enterprise Funds                               | 0  | 0  | 0   | 0   |
| 64 (63) Risk-Related Activity Fund                      | 0  | 0  | 0   | 0   |
| 60,65-69 Other Internal Service Funds                   | 0  | 0  | 0   | 0   |
| <b>Totals</b>   | <b>0</b>                                 | <b>0</b>                                   | <b>0</b>                                  | <b>0</b>  |
| <b>Fiduciary</b>  |  |  |   |   |
| 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   |
| <b>Totals</b>   | <b>0</b>                                 | <b>0</b>                                   | <b>0</b>                                  | <b>0</b>  |

FINAL